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

July 25, 2023

Terry Benson
Plant Manager
La Paloma Generating Company
1760 West Skyline Road
McKittrick, CA 93251

SUBJECT: **Generation Audit of La Paloma – Audit Number GA2023-09LP**

Dear Mr. Benson:

On behalf of the Generation Section, Electric Safety and Reliability Branch (ESRB) of the California Public Utilities Commission (CPUC), Calvin Choi and Emmanuel Salas of ESRB staff conducted a generation audit of La Paloma from June 19, 2023, through June 23, 2023.

During the audit, ESRB observed plant operations, inspected equipment, reviewed data, interviewed plant staff, and identified violations of General Order (GO) 167-B. A copy of the audit findings itemizing the violations is enclosed. Please advise me by email no later than August 22, 2023, by electronic copy, of all corrective measures taken by La Paloma to remedy and prevent the recurrence of such violations. Your response should include a Corrective Action Plan with a description and completion date of each action and measure completed. For any violations not corrected, please provide the projected completion dates to correct the violations and to achieve full compliance with GO 167-B.

Please submit your response to Emmanuel Salas at emmanuel.salas@cpuc.ca.gov. Please note that although La Paloma has been given 30 days to respond, it has a continuing obligation to comply with all applicable GO 167-B requirements; therefore, the response period does not alter this continuing duty.

If you wish to make a claim of confidentiality covering any of the information in the report, you may submit a confidentiality request pursuant to Section 15.4 of GO 167-B, using the heading “General Order 167-B Confidentiality Claim". The request should be sent to Emmanuel Salas with a copy to me and the GO 167-B inbox GO167@cpuc.ca.gov by August 8, 2023.

Sincerely,

Banu Acimis, P.E.
Program and Project Supervisor
Electric Safety and Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission

Attachment: CPUC Generation Audit Findings

Cc: Lee Palmer, Director, Safety and Enforcement Division, CPUC
Nika Kjensli, Program Manager, ESRB, CPUC
Calvin Choi, Utilities Engineer, ESRB, CPUC
Emmanuel Salas, Utilities Engineer, ESRB, CPUC

I. Findings Requiring Corrective Action

Finding 1: ESRB staff observed leakage from pipes and other equipment in different areas of the Plant.

GO 167-B, Appendix D, Maintenance Standards (MS) 9: Conduct of Maintenance states:

> *"Maintenance is conducted in an effective and efficient manner, so equipment performance and material condition effectively support reliable plant operation."*

ESRB staff observed an oil leak from the Unit 2 high-pressure (HP) boiler feedwater pump. Staff also observed air leaks from the nitrogen layup valve 41QJD10AA002, an air solenoid on Unit 3 hot reheat relief valve on the Heat Recovery Steam Generator (HRSG) deck, and HP bypass valve MAN50AA002.

Figure 1: Oil leak from Unit 2 boiler feedwater pump.

Finding 2: ESRB staff observed damaged/missing insulation across the Plant.

GO 167-B, Appendix D, MS 9: Conduct of Maintenance states:

> *"Maintenance is conducted in an effective and efficient manner, so equipment performance and material condition effectively support reliable plant operation."*

ESRB staff observed damaged/missing insulation on the Unit 4 HP separator recirc valve 41LCQ61AA003, near the Unit 4 HP Evap drain outlet, on the Unit 3 HRSG reheat attempt line on the HRSG deck, on the Unit 2 EV fuel gas supply line, and near Unit 1 valve actuator 18LBC50AA202. Damaged insulation can result in accelerated heat gain or loss and can result in corrosion under insulation.

Figure 2

Figure 3

Figure 4

Finding 4: ESRB staff observed damaged National Fire Protection Association (NFPA) Fire diamond signs on ammonia tanks. Missing NFPA (Fire diamond) signs and self-closing mechanism on warehouse flammable storage cabinets.

GO 167-B, Appendix E, Operation Standards (OS) 10: Environmental Regulatory Requirements states in part:

> *"Environmental regulatory compliance is paramount in the operation of the generating asset."*

NFPA 704: 4.3 Location of Signs states:

> *"Signs shall be in locations approved by the authority having jurisdiction and as a minimum shall be posted at the following locations:*
> *1) Two exterior walls or enclosures containing a means of access to a building or facility.*
> *2) Each access to a room or area.*
> *3) Each principal means of access to an exterior storage area."*

ESRB staff observed missing NFPA signs (the fire diamond) on the flammable storage cabinets were missing the fire diamond with appropriate rating numbers. The numbers are important to provide information related to hazards. These signs are required to easily and quickly inform emergency personnel of the hazard level of the chemicals in the cabinets.

Figure 5: Missing NFPA Fire diamonds on the flammable storage cabinets

Finding 7: ESRB staff observed valve handles that were not attached to accompanying valve.

GO 167-B, Appendix D, MS 9: Conduct of Maintenance, states:

> *"Maintenance is conducted in an effective and efficient manner, so equipment performance and materiel condition effectively support reliable plant operation."*

GO 167-B, Appendix E, OS 8: Plant Status and Configuration states:

> *"Station activities are effectively managed, so plant status and configuration are maintained to support safe, reliable and efficient operation."*

ESRB staff observed valve handles on the ground that were not attached to a valve near Unit 4 feedwater economizer vents and near LCE10AT001 Attemp Strainer. The detached handle prevents the valve from being operated properly and quickly.

Figure 6

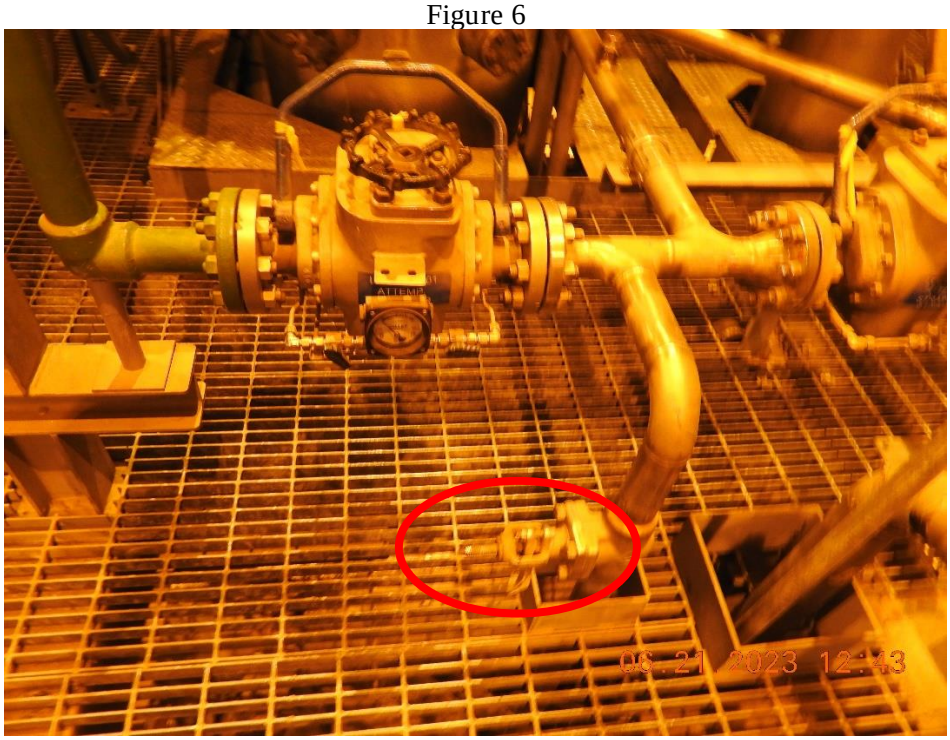

Figure 7

Finding 8: ESRB observed damaged gauges.

GO 167-B, Appendix D, MS 9: Conduct of Maintenance, states:

> *"Maintenance is conducted in an effective and efficient manner, so equipment performance and materiel condition effectively support reliable plant operation."*

ESRB staff observed damaged gauges on Unit 3 Reheat Attemp Solenoid and on Regulator 21LCQ61AA003. Defective pressure gauges can result in erroneous pressure readings.

Figure 8

Figure 9

Finding 10: ESRB observed missing High Voltage (HV) signs on electrical equipment.

GO 167-B, Appendix E, OS 1: Safety states in part:

> *"The protection of life and limb for the work force is paramount. GAOs have a comprehensive safety program in place at each site..."*

GO 167-B, Appendix D, MS 4: Problem Resolution and Continuing Improvement states:

> *"The company values and fosters an environment of continuous improvement and timely and effective problem resolution."*

GO 167-B, Appendix D, MS 11: Plant Status and Configuration states:

> *"Station activities are effectively managed so plant status and configuration are maintained to support safe, reliable and efficient operation."*

ESRB staff observed missing HV signs on Unit 1/3 power feed electrical equipment. These signs are required to inform employees, contractors, and visitors who may be unfamiliar with the equipment and its inherent dangers.

Figure 10

II. Documents Reviewed

ESRB Staff reviewed the following records and documents:
(** documents were not provided during the time the audit was conducted**)

Category	Reference #	CPUC-Requested Documents
Safety	1	Orientation Program for Visitors and Contractors**
	2	Evacuation Procedure
	3	Evacuation Map and Plant Layout
	4	Evacuation Drill Report & Critique (last 3 years)
	5	Hazmat Handling Procedure
	6	MSDS for All Hazardous Chemicals
	7	Injury & Illness Prevention Plan (IIPP) (last 3 years)
	8	OSHA Form 300 (Injury Log) in last 4 years
	9	OSHA Form 301 (Incident Report) in last 4 years
	10	List of all CPUC Reportable Incidents (last 5 years)
	11	Root Cause Analysis of all Reportable Incidents (if any)
	12	Fire Sprinklers Test Report (last 3 years)
	13	Insurance Report / Loss Prevention / Risk Survey (last 3 years)
	14	Lockout / Tagout Procedure (last 3 revisions, if applicable)
	15	Arc flash Analysis
	16	Confined Space Entry Procedure
	17	Plant Physical Security and Cyber Security Procedures and Records
	18	Fire Protection System Inspection Record
Training	19	Safety Training Records*
	20	Skill-related Training Records*
	21	Certifications for Welders, Forklift & Crane Operators*
	22	Hazmat Training and Record*
Contractor	23	Latest list of Qualified Contractors*
	24	Contractor Selection / Qualification Procedure
	25	Contractor Certification Records
	26	Contractor Monitoring Program
Regulatory	27	Daily CEMS Calibration Records
	28	Air Permit
	29	Water Permit
	30	Spill Prevention Control Plan (SPCC)
	31	CalARP Risk Management Plan (RMP)
O&M	32	Daily Round Sheets / Checklists
	33	Feedwater Grab-sample Test Records

	34	Water Chemistry Manual
	35	Logbook**
	36	List of Open/Backlogged Work Orders*
	37	List of Closed/Retired Work Orders (last 4 quarters)*
	38	Work Order Management Procedure (last 3 revisions, if applicable)
	39	Computerized Maintenance Management System (Demonstration Onsite)**
	40	All Root Cause Analyses (if any)
Gas Turbine	41	Borescope Inspection Reports (last 2 years)
	42	Maintenance & Inspection Procedures (or Related Documents) (last 3 revisions, if applicable)
	43	Intercooler Inspection Reports
	44	Combustors Inspection (CI) Reports
	45	Hot Gas Path (HGI) Inspection Reports
	46	Bearing Lube Oil Analysis Reports
	47	DC Lube Oil Pump Test Records
Main Plant Compressor(s)	48	Inspection Procedures and Records
Document	49	P&IDs*
	50	Vendor Manuals*
Spare Parts	51	Spare Parts Inventory List
	52	Shelf-life Assessment Report
Management	53	Employee Performance Review Procedures and Verifications
	54	Organizational Chart
HRSG	55	Tube Analysis Report
	56	Chemical Clean Report
	57	Safety Valve Test Records
	58	Hot Spots / IR Inspection Reports
	59	Structural Integrity Assessment
HEP	60	FAC Inspection Procedure & Measurements
	61	Pipe Hangers / Support Calibration Records
Steam Turbine	62	NDE Reports
	63	Overspeed Trip Test Records
	64	Bearing Lube Oil Analysis Reports
	65	DC Lube Oil Pump Test Records
	66	Emergency Stop Valve Test Records on Main Steam Line
	67	Borescope Inspection Records
	68	Most recent Class A (major) STG inspection report
	69	STG inspection reports from May 2011 and March 2013
Generator	70	Bearing Lube Oil Analysis
	71	Maintenance & Inspection Procedures (or related documents)
	72	Polarization Test Records

Transformer	73	Hot Spots / IR Inspection Reports
	74	Oil Analysis Reports
Cathodic Protection	75	Procedures and Inspection Records
Air Cooled Condenser System	76	Cooling Fans & Motors Inspection Records
	77	Cooling Tower Structural Integrity Assessment
	78	Circulating Water Pumps Maintenance Records
Instrumentation	79	Instrument Calibration Procedures and Records
Test Equipment	80	Calibration Procedures and Records
Emission Control Equipment (SCR, Ammonia, NOx, CO)	81	Maintenance & Inspection Procedures and Records
Internal Audit	82	Internal Audit Procedures and all Records

* Provide data in a searchable format such as a searchable PDF, Word Document, Excel Spreadsheet, etc.

** These items may be provided on-site by the first day of the audit.