

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 21, 2012

David Weber, President & CEO  
Gill Ranch Storage, LLC  
220 NW 2<sup>nd</sup> Ave.  
Portland, OR 97209

GA2012-04

Dear Mr. Weber:

The Gas Safety and Reliability Branch (GSRB) of the Consumer Protection and Safety Division (CPSD) inspection team comprised of Banu Acimis, George Carter, Alula Gebremedhin, and Alin Podoreanu conducted a General Order 112-E audit of Gill Ranch Storage (GRS) Company's gas storage, compressor station, and transmission pipeline systems from April 16 through 20, 2012. The audit consisted of an examination and evaluation of GRS' Operations, Maintenance, Emergency, and Operator Qualification Plans, and Drug & Alcohol Policy as well as a review and analysis of design, construction, testing, operation, and maintenance records of the GRS gas system. The inspection team also conducted a random field inspection of the gas pipeline system and the compressor station facilities.

Attached with this letter is a Summary of Inspection Findings which contains probable violations and areas of concerns and recommendations identified during the audit.

Please provide a written response indicating the measures taken by GRS to address the probable violations and areas of concerns and recommendations within 30 days from the date of this letter. Pursuant to Commission Resolution ALJ-274, GSRB has the authority to issue citations for each violation it found during the audit. GSRB will notify GRS of the enforcement action it plans to take, which may include any citation it issues, after it reviews your audit response

For any questions, please contact Banu Acimis at (916) 928-3826 or by email at [banu.acimis@cpuc.ca.gov](mailto:banu.acimis@cpuc.ca.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Robertson".

Michael Robertson, Program Manager  
Gas Safety and Reliability Branch  
Consumer Protection and Safety Division  
California Public Utilities Commission

Enclosure: Summary of Inspection Findings

cc: Arlon Eklund, GRS Plant Superintendent  
Todd Thomas, NW Natural Gas Storage, Project Manager  
Roger M. Haley, GRS, Senior Project Engineer  
Nick Potts, GRS, Consultant  
Charlie Stinson, GRS, Consultant  
Karl J. Leger, Compliance Solutions, Inc., President  
Nhan Truong, Compliance Solutions, Inc., Technical Analyst

## Summary of Inspection Findings

### Areas of Probable Violations:

1. 49 CFR §192.13(c) states:

“Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.”

GRS Operation and Maintenance (O&M) Plan, Section 11(G)-Record Keeping, 11(G)(I) - General Requirements states:

- (a) Strict compliance with these procedures shall be required during construction except where a change is specifically authorized in writing in advance by the Company, and the qualification documented.

GRS O&M Plan, Section 11(G)(VII). Strength Tests states:

- (a) Each operator shall make, and retain for the useful life of the pipeline, a record of each test for steel pipe to operate at a hoop stress of 30% or more and / or at 30 % or less and at or above 100 p.s.i. (689 kPa) gage. The record must contain at least the following information:

The operator's name, the name of the operator's employee responsible for making the test, and the name of any test company used.

- Test medium used.
- Test pressure.
- Test duration.
- Pressure recording charts, or other record of pressure readings.
- Elevation variations, whenever significant for the particular test.
- Leaks and failures noted and their disposition.

- (b) The test record shall be prepared in accordance with company specifications.

GSRB staff reviewed GRS' strength test records for the gas pipeline system and noted that while the test records showed essential information such as test pressure, medium, duration, charts etc., these records had not been signed and dated by GRS' Code Compliance Engineer. According to GRS procedures, information denoted on page 2 of the test records, Item 10- " Test results and all data were reviewed and found to be in conformance with test requirements and 49 CFR, Part 192, Paragraph J" is required to be completed by GRS personnel. Additionally, the name of the company responsible for performing the test was not clearly identified on the pressure test documents.

According to GRS O&M Plan, Section 11(G) and 49 CFR §192.517 (a) operators are required to perform the strength test and maintain records to demonstrate that the pipeline system was pressure tested and approved to be put in operation. GSRB's audit identified this deficiency on most of the pressure test records.

The following listing provides a few examples of the pipeline strength test records that did not clearly identify the approval of the test:

- GRS-ST-001 Compressor Station
- GRS-ST-002 Compressor Station
- GRS-ST-003 Part 1 &2 Compressor Station
- GRS-ST-004 Well Pad 34-18
- GRS-ST-005 Part 1 & 2 Compressor Station

We discussed this finding with GRS representatives during the audit and they agreed to insert an additional sheet to each pressure test record that would be completed and signed by GRS' responsible person(s), in order to correct this deficiency.

Please inform us of the progress GRS has made in correcting these test record deficiencies and provide a date when GRS anticipates it will have all the deficiencies corrected. In addition, please provide us a sample of a strength test record with the new documentation of the approval test included.

2. 49 CFR § 199.113 Employee assistance program.

(c) Training under each EAP for supervisory personnel who will determine whether an employee must be drug tested based on reasonable cause must include one 60-minute period of training on the specific, contemporaneous physical, behavioral, and performance indicators of probable drug use.

A covered employee's supervisor is required to be trained to detect possible drug use symptoms that shall substantiate a decision to drug test the employee based on a reasonable cause. The training must include one 60-minute period of training on the specific, contemporaneous physical, behavioral, and performance indicators of probable drug use.

GRS records indicated that its plant superintendent, who began performing supervisory duties in October 2010, has not received any training on the detection of potential drug abuse. All GRS supervisors, who manage employees covered by 49 CFR Parts 192 and 199, must be trained to detect possible drug use of their employees. In addition, GRS needs to modify its procedures such that they require this training to be provided to supervisors soon after they start in their roles. Please advise us of the actions that GRS has taken to train its superintendents and measures it implemented to ensure that its supervisors are properly trained to detect drug abuse prior to performing supervisory duties.

3. 49 CFR §199.241 – Training for supervisors.

Each operator shall ensure that persons designated to determine whether reasonable suspicion exists to require a covered employee to undergo alcohol testing under §199.225(b) receive at least 60 minutes of training on the physical, behavioral, speech, and performance indicators of probable alcohol misuse.

In order to detect possible alcohol misuse indications that shall substantiate a decision to require an employee to undergo alcohol testing, designated supervisors are required to receive at least 60-minute training on the physical, behavioral, speech, and performance indicators of probable alcohol misuse.

GRS records indicated that its plant superintendent, who began performing supervisory duties in October 2010, has not received any training on the detection of potential alcohol misuse to decide whether reasonable suspicion exists to require a covered employee to undergo alcohol testing. All GRS supervisors, who manage employees covered by 49 CFR Parts 192 and 199, must be trained to detect possible alcohol abuse. In addition, GRS needs to modify its procedures such that they require this training to be provided to supervisors soon after they start in their roles. Please advise us of the actions that GRS has taken to train its superintendents and measures it implemented to ensure that its supervisors are properly trained to detect alcohol abuse prior to performing supervisory duties.

Areas of Concern and Recommendations:

1. 49 CFR §192.616 – Public awareness

§192.616 (d) states “The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

- (1) Use of a one-call notification system prior to excavation and other damage prevention activities;
- (2) Possible hazards associated with unintended releases from a gas pipeline facility;
- (3) Physical indications that such a release may have occurred;
- (4) Steps that should be taken for public safety in the event of a gas pipeline release; and
- (5) Procedures for reporting such an event.

The GRS Public Awareness Program has specific details on how the Public Awareness Message (PAM) is delivered and frequencies to comprehensively reach all affected stakeholder audiences in all areas where GRS transports gas. The PAM also includes provisions to educate all affected stakeholder audiences on the use of the one-call notification system prior to excavation, physical indications of a possible release of gas, and steps to be taken for public safety in the event of gas pipeline release. We found that the PAM, which is delivered to the public, emergency officials, local public officials, and excavators, did not specifically identify possible hazards associated with unintended releases from gas pipeline facilities. Additionally, the PAM does not clearly inform the stakeholders of the routine inspections and maintenance activities (such as leak surveys, cathodic protection, integrity management, etc.) that GRS performs to prevent abnormal conditions that may occur on its system.

We recommend that GRS make modifications to its PAM by including a clearer statement about the purpose and benefits of its pipeline operations, but also the adverse consequences of unintended releases of gas. We believe this statement, along with additional details related to GRS' routine pipeline maintenance and inspection activities conducted to promote public safety, would help recipients of the GRS PAM be better informed and prepared to recognize and properly react to gas leaks and related emergency situations in order to minimize hazards to life and property.