



GILL RANCH STORAGE®

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Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

RE: Gill Ranch Storage General Order 112-E Inspection

Dear Mr. Bruno:

Gill Ranch Storage, LLC (“GRS”) operates the Gill Ranch Storage Facility (“Gill Ranch”). GRS is committed to a culture and operations that value public and worker safety as a first priority. GRS appreciated the opportunity to demonstrate its commitment to actively and aggressively pursue safe and reliable operations during the recent five-day Safety and Enforcement Division (“SED”) General Order (“GO”) 112-E inspection of corrosion control, public awareness, operator qualification, and drug and alcohol records for the period 2012 through 2014.

GRS has carefully reviewed the SED’s GO 112-E Summary of Inspection Findings and responds to the individual findings as follows:

Probable Violation 1:

In its Summary of Inspection Findings, the SED asserts that GRS was in violation of 49 CFR 199.105(c)(6) for failing to ensure contractors performing covered functions were included in annual random drug testing from 2012 through 2014. Specifically, three covered function contractors were identified during the audit. While each contractor provided annual random testing data confirming each met the minimal annual rate for random employee drug testing, GRS is taking steps to improve its active monitoring of contractors who are engaged to perform covered functions in compliance with 49 CFR Parts 199 and 40.

GRS, together with the Purchasing Department and Drug and Alcohol Program Administrator, has undertaken a comprehensive review of its current contractor engagement and monitoring procedures. There is a project underway, led by our Purchasing Team, to assess third party contractor monitoring vendors experienced with requirements applicable to covered function contractors governed by Department of Transportation drug and alcohol regulations. This will assist GRS in evaluating and upgrading its processes to verify GRS contractor compliance with 49 CFR Parts 199 and 40. In the interim, to ensure an appropriate contractor compliance verification process in line with meeting its obligations as an operator is in place, GRS has undertaken a proactive review of all contractors currently performing services for or engaged by GRS in 2015 to:

- 1) Confirm the proper identification of all contractors performing or who have performed in 2015 covered functions as part of an engagement or contract with GRS. As a part of this review, GRS personnel involved in contractor engagement will receive training about what constitutes covered functions under 49 CFR Parts 192, 193 and 195; and
- 2) Obtain copies of and review each contractors' written drug and alcohol program(s), including confirmation of their consortium/testing facility information and proof of each contractors' random drug testing data (on a quarterly or at least annual basis) to confirm each contractor meets the minimal annual rate for such testing.

The above steps are being implemented as part of the standard engagement and onboarding process for newly-engaged covered function contractors, as well as to ensure the minimal annual testing rate for random drug testing is met. GRS is in the process of formally documenting these procedures. These steps will also help inform GRS's review and possible selection of a vendor to assist in the verification process of contractors' compliance with 49 CFR Parts 199 and 40, as well as for quality assurance of any such third party compliance vendor and their compliance verification system.

Probable Violation 2:

SED asserts that GRS is in violation of 49 CFR 199.119(c) for including a non-covered employee in an employer's random testing pool. As noted in GRS's March 9, 2015 response, the Administrative Assistant position at GRS, a position which does not currently include any covered functions as defined in 49 CFR 199.3 in its job duties, was mistakenly included in the covered employee pool for random testing in Q1 2015, Q1-Q3 2014, 2013, and 2012. Upon

review during the audit, the mistaken inclusion of this position was promptly corrected.¹ In addition, GRS has reviewed all other current positions in its random testing pool and confirmed that only those positions performing covered functions are included in the random testing pool as outlined in its Anti-Drug Plan.

Area of Concern and Recommendation 1:

In connection with GRS Task 0001 “Measure Structure to Electrolyte Potential”, Step 2, SED recommends that GRS follow the manufacturer’s product instructions, which state that water should be used as an electrolyte when verifying field electrodes against reference electrodes.

Response:

GRS has rewritten Covered Task 0001 “Measure Structure to Electrolyte Potential”, Step 2. New Step 2 clarifies and better addresses how the reference electrode (half-cell) will be checked in the future. The text of current Step 2 is as follows:

Step	Perform test equipment check.
2	<p>Check multi-meter and test leads for serviceability.</p> <ol style="list-style-type: none"> 1. Inspect copper/copper sulfate half-cell (reference cell) for damage. Do not use if damaged. 2. Reference electrodes will be field verified as required by the electrode manufacturer. The manufacturer’s field verification procedure shall be retained on-site in the pipeline safety compliance files. 3. Note, some reference electrodes such as the GMC Stayperm Model CU-4-PT reference electrode does not have a manufacturer's field verification procedure. These half-cells shall be sent to the equipment manufacturer for accuracy testing and shall have a certificate of accuracy that is valid for the time frame specified by the manufacturer (i.e. one-year). The certificate of accuracy will be maintained with the facility equipment calibration records.

¹ GRS notes that the 25% annual random testing requirement was met, notwithstanding the inclusion of this position.

Area of Concern and Recommendation 2:

SED observes that the 2012 through 2014 GRS cathodic protection surveys note a number of test stations where pipe-to-soil readings could not be recorded because test stations could not be located or had broken leads. SED provides that GRS must perform an evaluation to determine if its pipeline has sufficient test stations to determine the adequacy of cathodic protection per 49 CFR 192.469.

Response:

GRS communicated during the audit that the missing test stations did not prevent GRS from having sufficient test stations to properly monitor and maintain adequate cathodic protection on the Gill Ranch pipeline system.

As recommended by SED, GRS has re-evaluated its cathodic protection test station spacing to determine if the pipeline has sufficient test stations to determine the adequacy of cathodic protection per 49 CFR 192.469. For this evaluation, GRS developed and implemented the following process; this process will also be used going forward, as appropriate:

Process to Evaluate the Adequacy of Test Station Spacing

In the event that the annual pipe-to-soil survey identifies a missing test station GRS will follow the following process:

- Identify the test stations located upstream and downstream of the missing or damaged test station.
- Obtain the most current pipe-to-soil “off” potential data for the upstream and downstream test stations and calculate the voltage difference between the upstream and downstream test stations.
- If potential variations equal or exceed 15% between the upstream and downstream test stations, then further analysis shall be conducted to determine if the test station requires repair and/or replacement. A qualified cathodic protection individual shall make the determination of the appropriate course of action. All work associated with these analyses shall be documented in accordance with the Operations and Maintenance Plan.

GRS has conducted a review of its cathodic protection system (using the process identified above) to determine if the Gill Ranch pipeline has sufficient test stations to determine the adequacy of cathodic protection per 49 CFR 192.469.

The results of this evaluation confirm that four (4) of the five (5) missing test stations do not limit GRS’s ability to properly monitor and maintain adequate cathodic protection on the Gill Ranch pipeline system. The fifth (5th) test station had a 15% variation between the upstream and

downstream test stations. As a result of this analysis, GRS dispatched an operator to the test station. The test station was cleaned and the operator was able to get a pipe-to-soil reading. To insure the functionality of the test station, GRS will perform monthly pipe-to-soil potential inspections in June and July of 2015. If the results indicate that the test station is performing properly, the pipe-to-soil readings will be recorded and no further action will be required. If the results indicate that the test station is not performing properly, then the necessary corrective actions will be taken and documented.

Please refer to the attached memorandum for information regarding the evaluation and its findings.

As stated above, GRS takes safety very seriously and continuously seeks to improve its practices. GRS respectfully requests that SED consider GRS's overall approach to safety and its timely and comprehensive response to SED's findings as SED determines what, if any, action to take in connection with the recent audit.

We look forward to working with SED over the years to come. Please contact me if you have any questions about this response or require additional information.

Sincerely,



David A. Weber
President and CEO

Attachment

cc: Mark Montoya, Plant Superintendent
Todd Thomas, Project Manager, NW Natural Gas Storage
Roger M. Haley, Senior Project Engineer, GRS
Karl J. Leger, President, RegSafe, LLC