



**OFFICE OF THE STATE FIRE MARSHAL
Pipeline Safety Advisory Committee (PSAC)
Draft Meeting Minutes**

Wednesday, April 7, 2021

09:00 am to 01:00 pm (Pacific Standard Time)

Pipeline Safety Division

3780 Kilroy Airport Way, Suite 500, Long Beach, CA 90806

MEMBERS PRESENT

Jim Hosler, Assistant Deputy Director, CAL FIRE – Office of the State Fire Marshal,
Pipeline Safety Division (Chairperson)

*Esmeralda Macedo, California Resources Corporation

*Valerie Jackson, Crimson Pipeline LLC

*Errin Briggs, County of Santa Barbara

*Janice Van Mullem, Huntington Beach Fire Marshal

*Kevin Lynn, Public Member

MEMBERS NOT PRESENT

*Ed Hadfield, Rincon Fire Department

*Robert Distaso, Orange County Fire Authority

*Jeff Carman, Public Member

STATE FIRE MARSHAL STAFF

*Mike Richwine, State Fire Marshal

*Wendy Collins, Assistant State Fire Marshal

*Joshua Cleaver, Staff Attorney, Pipeline Safety Division

*Kevin Chan, Special Assistant to the State Fire Marshal

*Julia Renteria, Associate Governmental Program Analyst, Pipeline Safety Division

PUBLIC ATTENDEES

None

(* attended via Virtual Meeting)

I. CALL TO ORDER AND INTRODUCTION

Committee Chair Jim Hosler called the meeting to order at 09:00 A.M. (PST) and attendees gave self-introductions. Roll call was taken by Kevin Chan, and it was determined the meeting had quorum at 09:03 A.M. (PST).

Jim Hosler introduced Mike Richwine, State Fire Marshal, and Wendy Collins, Assistant State Fire Marshal. Mike Richwine thanked everyone for their participation in the PSAC and mentioned the work performed is important as it is critical we hear from our stakeholders/enforcement regulators, which allows us to be kept apprised of the industry, current trends, or issues/concerns. Wendy Collins introduced herself since it was her first time attending PSAC and expressed her interest in learning from the group. Mike Richwine also stated we anticipate these meeting will occur on a regular basis, which is part of our Strategic Plan to increase collaboration with our partners and stakeholders.

Jim Hosler welcomed and introduced our newest PSAC members, Valerie Jackson with Crimson Pipeline LLC and Esmeralda Macedo with California Resources Corporation.

II. APPROVAL OF MINUTES

The October 13, 2020 PSAC meeting minutes were reviewed. Member Errin Briggs made a motion to approve the minutes as written and Member Kevin Lynn seconded the motion. The Committee took a vote and the meeting minutes were approved at 09:09 A.M. (PST). The approved minutes will be posted on the CAL FIRE-Office of the State Fire Marshal (OSFM) website at the following link: <https://osfm.fire.ca.gov/boards-committees/pipeline-safety-advisory-committee/>. Josh Cleaver mentioned our historical minutes and Kevin Chan posted the link to the chat.

III. PIPELINE SAFETY DIVISION UPDATE

We just finalized the 2020 Payment Request and Progress Report to the Pipeline Hazardous Material Safety Administration's (PHMSA). We were required to provide a final review of field inspection days, including travel, with minimal time in the office. The inspection days are based on the grant and how many staff members are in the inspection staff. The minimum requirement for each inspector is 85 days. Our team excelled last year, even though we had limited access due to COVID. The Pipeline Operators worked with us on remote meetings for inspections and collaborated to keep all staff members safe. For the inspections program scoring, we received a score of 50 points out of 50 points. Overall scoring, we received 98 points out of 100 points. The points deduced were based on past historical inspections not completed in a timely manner due to being understaffed. We should be fully compliant with past inspections by end of calendar year (CY) 2021 and we expect to receive 100% for our next score. This year we received a score of 98.94% and Chief Hosler is expecting a higher score, which is attributed to working closely with other state agencies and the pipeline operators. Chief Hosler expects the program to be responsive, proactive, and communicative to all stake holders, the public, or any agency gathering information. Chief Richwine's direction is to keep the oil in the pipe and we have done a good job, but there is always room for improvement. We will continue to assist as much as we can to help all programs and the industry to succeed. We are currently in tough times and political movements can sometimes be negative when pertaining to the safe

transportation of petroleum products through pipelines, even though it is one of or even the safest way to move petroleum products.

Currently, we are short six (6) Pipeline Safety Engineer (PSE) positions. We anticipated hiring additional engineers for Assembly Bill 864 (AB 864), but due to COVID, budget restrictions, needs of the state and industry changes, hiring was put on hold. We have exhausted our current PSE/Supervising Pipeline Safety Engineer (SPSE) lists and just finished our review for the PSE/SPSE Examination Development where questions were created for the next examination administration.

Enforcements has not been very active and we are working with the Pipeline Operators. We had a couple accidents first part of this year. One major accident in Kern County involving a large spill volume and we are currently working with the operator. In 2020, we had a successful year since we had zero significant accidents as of November 2020, which is a huge accomplishment. Unfortunately, we had three (3) towards the end of the year. Two (2) of the accidents appear to be from outside forces, but we are still under investigation. Both involved circumventable cracking, which is not common. In addition to outside forces contributing, there was also high PHSCC. We are working hard at examining all of the information for a final determination. It is important this information is provided for industry and members should consider reaching out to their associations as this should be a high priority review for some of their pipelines. No additional questions by the group.

IV. COVID-19 IMPACTS

California's Governor is moving forward with opening the state back up in June. CAL FIRE has not received full direction, but we are moving forward with our remote telework. Structurally we put in an emergency plan when COVID started and were able to complete all of our missions and expectations. Eventually staff will be required to be in the office more, but we are working with our leaders to determine our plan post pandemic. Industry has been cooperative and working well with us to ensure all staff members stay safe. No additional questions by the group.

V. PROGRAM GOALS AND EXPECTATIONS

Our highest priority is to keep the oil in the pipe. Industry has been proactive with helping our program. The direction to the OSFM is to coordinate with the operators regarding some regulations and we have done well. Moving forward in our annual operator inspections we will be asking more detailed questions about being involved in more spill drills. Chief Hosler's expectation is that we attend every spill drill in the state at some point. We need to participate and be involved with the entire staff. Stressed communication with all industry and our staff, which in turn will benefit our program. No additional questions by the group.

VI. BUDGET CHANGE PROPOSAL

Earlier this year a plan was presented to adjust our program and bring in more support staff and engineers, which started two years ago. We have our set budget limits and appropriations. We have funds for vehicles, which we did not originally anticipate. Funding increased for training to ensure our team is well trained and to ensure they are asking appropriate questions while in the field or able to determine how a valve is maintained. Together as a team we are well rounded unit and we provide extra side training to guarantee staff is consistently at a high level of training and abilities. The Budget Change Proposal has gone through the approval process and is awaiting approval by the Legislature, which would become effective 7/1/2021. The Legislature's website provides items under review for approval. No additional questions by the group.

VII. FEE INCREASE

We have been working on the fee increase since 2016-17, which was from the original Budget Change Proposal, to increase staffing. The Pipeline Safety Fund balance was increased to \$15-16 million dollars and the reason for the surplus was due to the 2007 fee increase and being unable to complete hiring due to salary impactions, until the 2015 Refugio oil spill. This changed the dynamics within the state and the Pipeline Safety program and altered the way we now conduct business with the operators. In 2021, we have hired staff, increased our vehicles, obtained larger office space and are now capable of conducting public/large meetings in our conference room, which has caused a reduced fund balance. We are planning ahead as the fee approvals take time and we anticipate by January 2022 we will have the fee increase approval.

Josh Cleaver discussed the timing for public comment and we are currently in the process of internal approvals. In the link Kevin Chan placed in the chat, you can view a draft version of proposed fees. We originally anticipated going to public comment and starting the formal rule making process in about a month, but the regulatory packages are currently backlogged. The entire fee package will be audited by the Department of Finance and generally takes more time for review/approval. Every operator, cities/counties (i.e., Erinn Briggs, Santa Barbara County), industry rule making staff, and the regulatory community, will be notified via mail/email. We will host public meetings, as needed, to receive comments on fee adjustments.

Kevin Chan displayed a draft version of the text of regulations for the proposed fee increases. With the current fee structure, the operators pay a base fee and a per mileage fee. Since fees have not been raised since 2007, we have had significant resources increase within our program, plus additional legislative requirements with the annual inspections, and the 2015 California Best Available Technologies (CBAT) regulations, so our program has grown significantly. With inflation at 2% annually, we are running a budget deficit and we have looked at a variety of cost saving options, but a fee increase is needed as this will fund the bulk of our program. We are audited by PHMSA and receive grant funding. PHMSA then determines the reimbursement amount, which is

based on a point scale and we typically receive 40% of our expenses and the other 60% must be produced by the state. We are proposing a step increase process. The flat annual operator base fee is currently \$6,000.00 and will increase to \$10,000.00 effective July 1, 2022 and to \$12,000.00 effective July 1, 2025. The charge per mile of pipeline operated will increase from \$550.00 to \$1,280.00 effective July 1, 2022 and to \$1,400.00 effective July 1, 2025. The Pipeline Safety Program costs roughly \$10 million dollars annually to operate. Under the current fee structure we are currently receiving approximately \$3.3 million from the operators and \$4 million from the grant, which gives a deficit of \$2-3 million. Our reserve fund is down and the rule making process takes about a year. We anticipate the fee increase will increase our revenue to \$7.4 million.

Chief Hosler advised we have a 5-year plan for the workgroup. We know this is a significant increase, but we have pushed off since 2016-17 and now we are in a depressed market. We looked at multiple options and felt the step increase was the most appropriate and allows industry time to adjust. This will fund the program until 2030-31, but we need to operate in a fiscally efficient manner.

Josh Cleaver discussed another fee increase option considered based on the Consumer Price Index to address inflation. It was determined we would still have a deficit in our fees due to the number of staff needed for the annual inspections requirements and CBAT regulations. A third alternative was to focus on bad actors or repeat offenders or do less inspections, but we still have to inspect every operator annually. Phased approach was the best option while also giving industry time to adapt, but we are open for suggestions on structuring the fee increase or any other alternatives. Public comments will occur in approximately a month.

Chief Hosler welcomed suggestions or items to discuss and advised we will keep costs down by delaying hiring or adjust travel expenses. COVID allowed for reduced travel. We want to work closely with industry and do not want to push any operators out of the state, but we must meet our expectations. Ultimately, we answer to the citizens of California. Chief Hosler welcomed any final comments. Valerie Jackson commented it is not necessary to travel to conduct meetings since this creates added expenses. Conducting via Zoom is more efficient and saves time. Valerie discussed being efficient with adding value to implementing AB 864, out of service pipelines considered active, and completing waivers. Fees are important, but let's make sure we are using the money wisely while being effective and efficient. Chief Hosler acknowledged her comments stating the engineers are advised to ensure they are using time wisely. We would appreciate any comments or concerns from the operators. Janice Van Mullen mentioned scheduling inspections by risk based strategy. Janice questioned our inspection requirements and if we can create different options on a risk based strategy. Chief Hosler advised PHMSA requires us to perform the inspections based on a 5-year timeframe. We have Title 49, Code of Federal Regulations (CFR), Part 195 and the California Pipeline Safety Act of 1981 (CAPSA) rules bringing in Senate Bill 295 (SB295) and Assembly Bill 864 (AB 864) CBAT, which dictate our requirements. Some inspections are every three years, but based on our strict requirements will increase with incidents/accidents. Under the CAPSA rule SB295 we are required to annually inspect every operator/pipeline and try to perform

an internal risk analysis. We consistently find issues with corrosion, third party damage, and operational integrity management. No additional questions by the group.

VIII. PROPOSED PIPELINE SAFETY ADVISORY COMMITTEE CHARTER

Kevin Chan displayed the proposed charter. We have worked on this draft and want to ensure our goal is focused and to provide group expectations. Last meeting we did not have a quorum. Good item to add for our group and future clarifications. The charter was read to the group. We will not post the recording, but will post the minutes. Chief Richwine asked if there is an opportunity for industry and local agencies to notify Pipeline Safety about current information in their world. Josh Cleaver responded, as an advisory committee they can provide us any information and there is not an exact requirement of what needs to be done. They can reach out directly to our office or email a staff member. At the end, we will have an open forum for questions and offer members of the public for comment. Valerie Jackson stated the code reads this committee is an opportunity for industry to give feedback before going to public comment sessions. Chief Hosler advised we brought forward again since we have new members and want to be clear with setting the goal and expectations. Kevin Chan confirmed this is set as a vote item. Janice Van Mullen motioned to postpone until next meeting to allow time to review and discuss. Valerie Jackson seconded the motion at 10:05 A.M. (PST). Voted by hands via Zoom. This item moves to Old Business next meeting.

IX. OLD BUSINESS

No old business.

X. NEW BUSINESS

Any other industry associations (i.e., Western States Petroleum Association, National Association of Corrosion Engineers) may reach out through members and coordinate items they want to bring forward with the group. Valerie Jackson had additional options with California Independent Petroleum Association or American Petroleum Institute (API) and said she would coordinate. API currently creating public awareness around creating a positive attitude towards pipeline as a safe industry to move hydro carbons. Valerie will forward information to Chief Hosler. We welcome opportunities for an active role with API. There is also a big push for Pipeline Safety Management (PSM) and Valerie feels there is a correlation with CAL FIRE activities. PHMSA starting to look at PSM's, which is a process using software to track/coordinate activities, to develop a standard process for safety and it is gaining momentum federally. No additional items for industry updates.

Adjourned for break at 10:12 A.M. and back at 10:18 A.M.

XI. OPEN FORUM

Members of the public may comment on any agenda items or new items for discussion. Errin Briggs asked the following question. Are there any state, federal, or legislative regulatory items we should be aware of or tracking? Chief Hosler stated PHMSA is going

to start having public meetings on pipeline leak detection, leak repair, and methane emission reductions which is scheduled virtually for May 5-6, 2021. Chief Hosler shared his screen to display PHMSA's website. To review Title 19, go OSFM website and see the Code Development page. Chief shared our website and provided additional resources.

Kevin Lynn commented on the pipeline inspection program efficiency. Are there any considerations for a partial self-inspection program for good actors or whom have a clean inspection history? Regulation requirements will not allow this option. We can adjust our inspection accordingly for an operator in good standing.

Esmeralda Macedo commented and asked Chief to share the PHMSA meeting site. Chief Hosler posted the registration and Josh Cleaver posed the meeting link, which includes past meetings.

For upcoming meetings, feel free to provide list of topics for discussion.

Last year the Legislature approved the new Aqueous Film-Forming Foam (AAAF) firefighting foam rules banning its use with intentionally adding Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS). This affects fire departments, industry and pipeline facilities with fixed firefighting foam, but will not take place until 2024. There is no place to dispose of in the state of California and there is thermal destruction involved. Chief Hosler currently working on informational bulletin, which provides solutions to AFFF.

XII. NEXT MEETING AND LOCATION

We may have another meeting in October 2021. We are going to attempt to have a Pipeline Safety Seminar next year and anticipate having a PSAC meeting at the same time. Per Kevin Chan, the remote meetings will not be going away and there is Legislation to add teleconferencing to the Bagley-Keene Act. Any future topics for discussion should be directed to Chief Hosler, Kevin Chan or Julia Renteria.

IX. ADJOURNMENT

Member Janice Van Mullen motioned to adjourn at 10:35 am (PST) and Member Kevin Lynn seconded the motion. The motion passed with unanimous vote and the meeting was adjourned at 10:35 am (PST).

END OF MINUTES