



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

Monday, June 27, 2022

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 (Chair)

Esmeralda Macedo, California Resources Corporation

Robert Distaso, Orange County Fire Authority

Janice Van Mullem, Huntington Beach Fire Marshal

*Valerie Jackson, Crimson Pipeline LLC

*Kevin Lynn, Public Member

*Errin Briggs, County of Santa Barbara

MEMBERS NOT PRESENT

Ed Hadfield, Rincon Fire Department

Jeff Carman, Public Member

STATE FIRE MARSHAL STAFF

Kevin Chan, Staff Services Manager I, Pipeline Safety Division

Doug Allen, Supervising Pipeline Safety Engineer, Pipeline Safety Division

Bob Gorham, Pipeline Safety Engineer - Retired Annuitant, Pipeline Safety Division

Andy Chau, Supervising Pipeline Safety Engineer, Pipeline Safety Division

*Joshua Cleaver, Staff Attorney, Pipeline Safety Division

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

*Christine Gulas, 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 01:04 P.M. (PST) and attendees gave self-introductions. Roll call was taken by Kevin Chan, and it was determined the meeting had quorum at 01:07 P.M. (PST).

Chair Hosler welcomed everyone and advised under the state rules we now have the capability to conduct Pipeline Safety Advisory Committee (PSAC) meetings remotely or in person.

II. APPROVAL OF MINUTES

The April 7, 2021, PSAC meeting minutes were reviewed. Member Janice Van Mullem made a motion to approve the minutes as written and Member Robert Distaso seconded the motion. The Committee took a vote, and the meeting minutes were approved at 01:10 P.M. (PST).

III. PIPELINE SAFETY DIVISION UPDATE

Kevin Chan was hired in January 2022 as a newly established position, a Staff Services Manager I, and will oversee the daily operations for the program. Christine Gulas joined the Pipeline Safety Division as an Associate Governmental Program Analyst in June 2022.

The Pipeline Safety Division is currently recruiting three (3) Pipeline Safety Engineer (PSE) positions, three in Long Beach and one in Bakersfield. The program may also fill an engineer vacancies in Sacramento. Filling the PSE positions will provide full staffing in Bakersfield, fourteen (14) in Long Beach, and three (3) in the Sacramento area. Filing the Sacramento positions will increase efficiency relative to travel time and reduce the need for overtime.

Pipeline operators were made aware of the Pipeline Safety Budget Change Proposal (BCP) and fee increase at the prior PSAC meeting. Both were the result of the economy at the time.

2021 Compliance Actions Statistics: Intrastate Pipeline Probable Violations:

Number carried over from previous calendar years (CY) - 62

Number found during CY - 53

Number submitted for DOT action - 0

Number corrected during CY (including carry over from previous year[s]) - 43

Number to be corrected at end of CY (including carry over) - 70

Number of Compliance Actions Taken - 31

Civil Penalties:

Number assessed during CY - 4
Dollars assess during CY - \$30,300.00
Number collected during CY - 1
Dollars collected during CY - \$9,900.00

Remaining amounts will roll over to CY 2022.

The annual Pipeline and Hazardous Materials Safety Administration (PHMSA) audit was conducted prior year in July. A score of 98.96% was awarded, which is a substantial increase from prior years. Previous scores were caused by significant staffing shortages. Program changes occurred in 2016 and the program has experienced significant growth. Chair Hosler's commitment to achieve a perfect score is close to being met, contingent on the completion of the pipeline operator inspections. The program is doing well and highly regarded by PHMSA.

IV. COVID-19 IMPACTS

The Pipeline Safety program has not been significantly impacted during the COVID-19 pandemic and inspections are continuously being completed in cooperation with pipeline safety operators. The PSE's and Supervising Pipeline Safety Engineers (SPSE) have done a phenomenal job with a hybrid inspection process. Manuals and/or documents can be reviewed through MS Teams meetings and field inspections are subsequently scheduled. Member Esmeralda Macedo concurred that the hybrid system is effective. Chair Hosler asked Member Valerie Jackson how the hybrid meetings were working for Crimson Pipeline and she responded with positive remarks. Member Jackson also noted an improvement in the use of virtual meetings and the comfort level with remote meetings and sees increased engagement and open conversations. She recommended to keep cameras on during virtual meetings to improve the sense of camaraderie.

Member Esmeralda Macedo stated it is helpful to know the types of questions ahead of time so their subject matter experts (SME) can better prepare for a seamless inspection. The ability to conduct inspections virtually is helpful as SME's may be working at various locations and remote attendance saves time. Member Robert Distaso questioned the process and Chair Hosler explained how all documents can be displayed on the screen by anyone during an inspection, adding that many documents and manuals are now in digital format online. During virtual meetings, it is possible to request to verify specific information and the pipeline operator can then share their screen for the review. The Pipeline Safety database will assist in verifying that the displayed information is correct.

Member Robert Distaso asked about the Hydrostatic Testing Companies process and it was explained by Chair Hosler and Member Esmeralda Macedo that, during an inspection, the questionnaire has three (3) different sections: procedures review, records review, and an observation (field) review with the SME's. The operator must

submit the Hydrostatic ID request which the OSFM provides and can witness the Hydrostatic testing. During the inspection, the questionnaire asks about repairs and proper documentation, all of which is thoroughly reviewed by the OSFM, including the certifications of the dead weight test and witnesses. Chair Hosler advised that the office is not able to participate in every Hydrostatic test, but does issue the record and, during field inspections, will perform spot checks. The operators must have record of their annual inspection, which can be performed remotely. Virtual inspections are performed the same as past in-person inspections, with the exception all documents are displayed on the screen. The operators are not required to videotape or photograph the inspection for documentation, but some will. The dead weight tests will have the certification and include a picture of the device with the tag. Member Robert Distaso inquired about repairs. Chair Hosler advised if a PSE is on site, there are multiple items checked. If off site, their Operator Qualification (OQ) records, engineering standards, Materials Test Reports, procedures, welding procedures, job plan, etc. are requested. Unfortunately, staff are not able to participate in all repairs. Member Esmeralda Macedo advised they perform several repairs throughout the year and use a repair checklist to ensure they have all documentation for the specific repair. Prior to the work starting, documentation must be obtained to ensure the repair is being performed by a qualified inspector for that specific repair. Before any repairs are completed, a welder must have their certifications, continuity log, and must have welded within six (6) months of the repair. After the repair, the inspector will ensure the pipeline is aligned correctly and will also perform non-disruptive testing, and a visual inspection. The inspector must provide all documentation with inspection coding prior to backfilling. To ensure proper documentation, they also collect weld logs which include the welding specifications, heat number, and inspector certification. The documentation is retained for the life of the pipeline, which is required by code. Chair Hosler then explained prior to COVID-19, this type of inspection would have been conducted in person, but we are now fully capable of completing virtual. Doug Allen advised a pipeline repair is part of the labor request process as the inline inspection is a condition that requires the operator to notify the OSFM of anomaly digs within 60 days. It will be scheduled on calendar for the PSE's and they can claim that dig for an inspection. Chair Hosler advised if we receive notification of an emergency dig to replace a quarter of a mile of pipeline, the OSFM will be present to witness. Member Esmeralda Macedo confirmed that, for her pipeline repairs, a PSE has witnessed a remediation project, anomaly condition meeting the 180 days, Hydrostatic test, pipeline fitting, and pipeline welding and stated Tom Williams performed her pipeline's last Hydrostatic test. Chair Hosler discussed how COVID-19 has had industry impacts at the national level in regard to employment and production. OSFM will continue with remote inspections and will use it to the highest efficiency as possible. The group had no additional questions.

V. REGULATORY UPDATE

Kevin Chan displayed a draft version for Enforcement Proceedings (EP) regulations. Josh Cleaver advised that Kevin Chan emailed the PSAC members copies of two (2) regulatory packages for review prior to the meeting. The first package is administrative Enforcement Proceedings. For those not in industry, when PSE's perform their inspections, they sometimes find violations of either state or federal regulations and will

issue a Notice of Proposed Violation, which initiates the enforcement process. California's enforcement regulations have not been updated since approximately the mid-1990's. One of the OSFM requirements for a certified PHMSA inspector is to maintain regulations that are at least consistent, and not less stringent, from PHMSA regulations, which includes administrative EP. Decades have passed since updating regulations for EP, and PHMSA has added numerous procedures for their administrative EP that provides a due process for operators in regards to hearings, presenting evidence, and the standard process of an enforcement action. Prior administrative EP was approximately five (5) pages long, explaining what happens when a proceeding starts, how an operator can respond to the proceeding, and the appeal process, etc. The current iteration is twelve (12) pages long; the increase in content is driven primarily to give operators an opportunity to present more materials and to have more of a substantive due process than what was previously established. These regulations are not subject to the typical public comment process, as there is statute within the Elder Pipeline Safety Act providing authority to adopt regulations if they are consistent with the PHMSA. However, the regulations must be presented to the PSAC Members for any comments or concerns. There are no anticipated concerns since this is the same process as PHMSA and the operators will likely appreciate having a consistent enforcement process. The new proposed regulations are broken down with sections defining the proposed violation process and starts with definitions which will provide key terms. The proposed violations have different components, such as Amendment of Plans or Procedures, Warning Letters or Notice of Probable Violations (NOPV). After NOPV's, there are Response Options which provides a more substantive component of how operators can respond to proposed violations, request a hearing, attest the allegations, or submit an offer of compromise. PHMSA does not necessarily have a component of offer in compromise since they typically issue a violation, and the operator must contest it through the hearing process to possibly reduce the penalty fee. With the OSFM, an operator can provide a response if they feel the evidence merits a reduced penalty fee or a different type of order requirement. The hearing section is an important component entailing an informal hearing style and provides the OSFM residing official duties. The residing official is not responsible for completing the inspection or the enforcement and will preside over the official hearing if requested by an operator. The hearing is essentially an informal trial to present evidence, arguments, or bring witnesses and allows the residing official to ask questions. Final Orders was discussed and there is limited new information. The Consent Order is a new option and is essentially like a Final Order since the operator agrees without contesting or disagreeing. There is also a Corrective Action Order, and no details were discussed. Within any order an operator can request a hearing or contest what is being presented in the enforcement action. There is a new section, § 2073.5 Immediate Closure Orders, which is similar to our existing statute with PHMSA that usually involves a pipeline break, explosion, or fire. In this instance, there is not a hearing available due to the urgency required. There is also existing statute with PHMSA for section § 2074 Petitions for Reconsideration which allows the OSFM to issue an order and provides an opportunity for the operator to appeal. Section § 2075 Civil Penalties was added, generally for federal statute violations per California Government Code section 51010 et seq., or Title 19 of the California Code and provides our authority in assessing the penalty amount. Section § 2075.1 Payment of Penalty discusses the same information, but there is a new sub paragraph (e) stating the operator waives all administrative and

judicial rights and remedies upon acceptance of civil penalty payments or acceptance of an offer of compromise. All the information provided was developed by Josh Cleaver, Doug Allen, Bob Gorham, and other staff. Josh requested all comments be provided in the next couple of weeks to himself or Doug Allen so they can move forward with filing and perhaps come into law within the next couple of months. Operators need to know there will be a slightly different administrative process moving forward. A copy of the draft enforcement regulations is posted to the California Pipeline Safety website under the Pipeline Safety Advisory Committee:

<https://osfm.fire.ca.gov/media/44bdlb4t/text-pls-enforcement-06122022.pdf>.

Member Janice Van Mullem expressed an interest in a flowchart to outline the process. Doug Allen advised that there are different response options and workflows depending on the enforcement action and there are plans to create a flowchart. Member Esmeralda Macedo inquired if the flowchart can include the response timeline(s). Josh Cleaver advised that all operators will receive notice of the new regulations which can be posted to the Pipeline Safety Division website. The group had no additional questions.

The Drug and Alcohol Testing regulations were previously updated to exclude certain parts of the Code of Federal Regulations (CFR). Since adopting the regulations, there have been many updates and the new iteration captures the pertinent regulations for Title 49, Part(s) 40 and 199. Some of the new adoptions had been inadvertently excluded for the workplace Drug and Alcohol Testing programs and California is supposed to have the same standards as PHMSA compliance requirements. These regulations are also exempt from public comment, but open to comments from the group. The group had no additional questions.

A planned regulatory adoption regarding the Annual Pipeline Operator Report (APOR) will be publicly noticed and commented upon. Industry requires pipeline operators have an annual inspection and, the first iterations of the regulations that became an annual questionnaire assisting our program to inspect the operators, were adopted several years ago. The regulations describe where to focus attention during an inspection, identify areas for improvement, or areas that have not previously inspected. The inspection is based on the pipeline construction or age, the environment, or impacts they have been experiencing during their operational lifespan. After several years of performing this process, PSEs have come up with additional questions to help build out the program and focus inspections. Draft regulations will be prepared throughout the upcoming months and the notice for the rulemaking process will propose changes to the APOR. It will provide a comparison of previous and newer questions and will provide justifications for additional information requested. A public comment period will be available for pipeline operators, industry, and/or the public. The intent is to finalize the regulations by the end of 2022. Doug Allen informed the group that he and Josh Cleaver are available to receive comments to the proposed regulations in the upcoming weeks. The group had no additional questions.

VI. PIPELINE EMERGENCY RESPONDERS INITIATIVE (PERI) PROGRAM

PHMSA developed the PERI program in 2018 and California has been working diligently to adopt the program during the past two (2) years. The program offers pipeline operators, regulators, and fire departments to join the cadre to developing and offer training opportunities for local authorities having jurisdiction (AHJ) on how to respond to a pipeline emergency. PERI is funded by collected fines from penalty assessments. Kevin Chan displayed the PHMSA PERI Overview:

<https://www.phmsa.dot.gov/pipeline/peri/pipeline-emergency-responders-initiative-peri-overview>.

This program increases communication among first responders and provides field training, depending on the state or program capability. Any time a pipeline operator is issued a violation, a civil penalty is assessed, and the funds are appropriated for training first responders, including law enforcement and local communities. A Memorandum of Understanding (MOU) has been drafted with the National Association of State Fire Marshals (NASFM) with the intent of a partnership, as NASFM has an already established pipeline emergency responder training program. Bob Gorham previously advised Chair Hosler a portion of the duties NASFM performs were initiated by the OSFM 20 years ago. The first PERI meeting with PHMSA, pipeline operators, and volunteers will take place this Friday, July 1, 2022, from 8:00 AM – 11:00 AM at the Long Beach office and it is open to the public. San Diego Gas and Electric will attend the meeting and California Public Utilities Commission (CPUC) and Southern California Edison (SCE) will be involved. Funding exists for the program, but there is an interest in receiving additional support from pipeline operators, from both liquid and natural gas. The intent is to be forward thinking and to open lines of communication, which will help the program develop and grow. Additionally, focus is placed on the need to identify roles and responsibilities when conducting a mutual investigation for a pipeline spill. Ideally, there should be a point where law enforcement can identify a natural gas leak and know the boundaries for evacuation. Member Robert Distaso made an inquiry. Chair Hosler responded that as Member Robert Distaso is the Orange County contact, Kinder Morgan should be sending him notification of working pipelines in his county. Chair Hosler advised if Member Robert Distaso is not receiving notifications, OSFM can provide Kinder Morgan's contact person for safety. The group had no additional questions.

VII. FEE INCREASE IMPLEMENTATION

Pipeline operator fees increase effective July 1, 2022. The need for a fee increase was determined in 2016 as the program has changed dramatically with increased staffing, an office relocation, and additional vehicle purchases. In 2018 and 2019, a BCP was initiated, and additional staff were hired. After completing a full study, the fee increase came to fruition earlier in 2022. The annual pipeline operator fee increased from \$6,000.00 to \$10,000 and effective July 1, 2025, and it will increase to \$12,000.00. The

charge per mile of pipeline operated increased from \$550.00 to \$1,280.00 and effective July 1, 2025, and it will increase to \$1,410.00. Fees were not increased for the independent hydrostatic testing firm companies or interstate pipelines since they are not regulated by California. Approximately 50% of program funding is from the PHMSA grant, so expenses are required to undergo approval from PHMSA. PHMSA can reimburse up to 80% of expenditures, but the program currently receives between 50% to 60%. This fee increase will ensure appropriate funding in anticipation of reaching full staffing. The group had no additional questions.

Discussions were paused so Chair Hosler could welcome and introduce Chief Wendy Collins, Assistant State Fire Marshal. Chief Collins thanked everyone for the opportunity to be present and excited for the learning opportunity.

VIII. OLD BUSINESS

No old business. The group had no additional questions.

IX. NEW BUSINESS

Member Errin Briggs had an item to discuss regarding OSFM's approval process for AB 864 pipeline improvement application. Member Errin Briggs advised that there are pipelines that will require improvements per AB 864 in Santa Barbara County. Member Briggs had one operator come forward to propose improvements and wanted to know how the OSFM reviews the applications. It is his understanding from his involvement in the regulatory process over the last few years that the applicant will provide a risk analysis to the OSFM for review and conclusion. Member Briggs received a letter from the OSFM regarding a pipeline and the OSFM did not disagree with the risk analysis and did not provide a formal approval. Member Briggs asked what the OSFM's review process entails for risk analyses and communicating a determination to the regulatory body. Chair Hosler advised that, under code, the pipeline operation undergoes review, how technology is used, leak detection, and current valves. Kevin Chan displayed the Coast Best Available Technology (CBAT) website, which provides key milestones and procedures with a step-by-step process. Chair Hosler advised the regulation does not state the OSFM must approve, deny, or certify their risk analysis. OSFM reviews to ensure it is appropriate and that they are implementing the proper amount of technology or using best available technology. Using best available technology could be adding a remote operated valve to the system or installing a motor operator on a valve. If there is a leak or not, a motor operated valve can shut down in 90 seconds after a period of determination and this increases their leak protection system capabilities. We review the risk analysis, along with comparisons and also look at hydraulic release information on distance traveled for fluid into water. We want to see if they are using a commercially viable program. The OSFM mapping Geographical Information System (GIS) staff are very efficient with hydraulics, and there are also hydraulic engineers on the team. Once all items are addressed and the proposed items are identified, the OSFM advises if we are in agreement. The Office will also advise operators of items to change, to consider, or if we have concerns over a particular item and the operators will usually make the change and then resubmit their risk analysis. The group was advised that within 60 days we can accept or ask for

supplemental information and then look at implementing the plan. Chair Hosler introduced Andy Chau who is the lead supervisor for AB 864. Andy Chau advised the three-step process is outlined on our website. In Step 1, operators submit a list of pipelines they believe are subject to CBAT regulations on Form 2102 which is available on our website. In Step 2, operators will classify each CBAT regulated pipeline into one of five (5) categories (i.e., Section 2104 Pipeline [Deferral for Pipelines with Existing Best Available Technology], Section 2113 Pipeline [Retrofit with Best Available Technology],) and can utilize the forms located on our website. For a deferral, the operator must already have the best available technology and the OSFM will ask for the worst-case discharge of the pipeline, how long it takes to detect the leak, and how to shut down the leak. When using Form PSD-2113 Implementation Plan, the operator is reactivating a pipeline, but does not have the best available technology. The OSFM will request the operator to analyze the pipeline risk, worst case discharge and ways to reduce, supporting documents, and vendor best available technology or certifications. The OSFM will send the operator a formal acceptance letter for reference. Chair Hosler advised Member Errin Briggs the letter he received was notifying him that OSFM had no concerns with the proposed information the operator provided, and Member Briggs acknowledged. Chair Hosler also advised the city or county is the permitting agency for the pipeline and have the ability under county codes and regulations to implement a process to address identified pipelines and Errin Briggs provided additional details for the two (2) lines. Chair Hosler advised Member Briggs that the OSFM is available to meet with him for a more thorough discussion. The group had no additional questions.

The group was advised that the Pipeline Safety Advisory Committee renewals were coming up. Terms for Members Ed Hadfield, Kevin Lynn, and Jeff Carman expired in December 2021. Members Ed Hadfield and Jeff Carman were not present so an effort would be made to reach out to them separately. Terms for Members Robert Distaso and Errin Briggs will expire in October 2022. Chair Hosler asked Members Kevin Lynn, Robert Distaso, and Errin Briggs if they would like to continue their role as members and they all responded yes. Josh Cleaver advised a letter will be sent to Chief Richwine with the nominations.

X. OPEN FORUM

An airport incident was discussed by Member Robert Distaso regarding maintenance on jet propane. The tank was being filled at the same time, pulling pipeline. Gas leaked and the pipeline was shut down. Transferred back to other tank. 50,000 to 100,000 gallons released. Airport uses about 1 million gallons of jet fuel weekly.

Member Robert Distaso had a project in Yorba Linda and Brea where they have a lot of oil and gas wells, including abandoned wells. For new construction, they must complete methane desiccation since oil and gas wells primarily tend to leak gas. There is a large shopping center moving to the area. Survey completed had methane in the flammable range and only 1,000 feet away from closest active well. These abandoned pipelines still have a lot of gas coming off. They worked with CalGEM to resolve. Chair Hosler advised Los Angeles County had numerous hot well issues. In Lamont California, they had one well that was getting a neighborhood sick from an abandoned well in 1923.

Member Esmeralda Macedo is researching an internal project regarding CO2 pipelines in gas service. According to PHMSA, they are currently in the process of regulating and appears they want to regulate under Title 49, CFR, Part 195. Chair Hosler advised that PHMSA currently has a development team, but they have not provided a lot of detailed information for Part 195 code since there is not a lot of data. Chair Hosler explained that additional information is forthcoming, but current rule for CO2 in a gaseous form is an unregulated material. It is non-hazardous and an asphyxiant in large quantities. Chair Hosler provided the CO2 phases (i.e., non-liquid form, liquid/gaseous, super critical) and stated that the Office anticipates responsibility for regulating CO2 since there is liquid form. It is being proposed that refineries may install carbon capture filters.

Future Pipeline Safety Seminars will take place in June instead of April. The next seminar is expected to be scheduled for June 2023.

XI. NEXT MEETING

The next PSAC meeting is expected to be during the same week as the 2023 Pipeline Safety Seminar.

XII. ADJOURNMENT

The meeting was adjourned at 2:45 pm (PST).