



PIPELINE SAFETY DIVISION

2017 REPORT TO THE

LEGISLATURE

**(SB 840, COMMITTEE ON BUDGET AND FISCAL REVIEW,
STATUTES 2016)**



**CALIFORNIA DEPARTMENT OF FORESTRY & FIRE PROTECTION
OFFICE OF THE STATE FIRE MARSHAL
DENNIS MATHISEN, STATE FIRE MARSHAL**

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Executive Summary

Senate Bill 840 (Committee on Budget and Fiscal Review, Statutes of 2016), codified in Government Code § 51015.6, requires the CAL FIRE - Office of the State Fire Marshal (OSFM) to annually submit a report to the Legislature to update: (1) the number of annual inspections conducted pursuant to Government Code Section 51015.1; (2) the status of the installation of automatic shutoff systems pursuant to Government Code Section 51013.1, including a summary of the types of shutoff systems installed, and the number of miles of pipeline covered by an automatic shutoff system; and (3) the status of Line 901 and Line 903 in the County of Santa Barbara.

The information contained in this report is for calendar year 2017.

- (1) The regulation for the annual inspection has been adopted and the OSFM began implementing the annual inspection of hazardous liquid pipeline operators and their pipelines as required by Government Code (GC) Section 51015.1. The annual inspections began on July 1, 2017. There are 46 hazardous liquid pipeline operators that are jurisdictional to the OSFM under the Pipeline Safety Act. The new annual inspections consist of two phases: pipeline operator inspections and pipeline inspections. For the first phase, the OSFM completed 46 inspections of pipeline operators in 2017. The second phase, annual inspections of the pipelines themselves, will begin on January 1, 2018, and will last through the third quarter of 2018. It will be recurring every year.
- (2) The OSFM has completed draft regulatory language for any new, replacement, or retrofit pipeline near an Environmentally and Ecologically Sensitive Area in the Coastal Zone as required by GC Section 51013.1. Public workshops have taken place throughout the State to facilitate comments on the draft regulations. The OSFM is working to submit the proposed rulemaking package to the Office of Administrative Law. Because the regulations have not been formally adopted, no automatic shutoff systems have been installed pursuant to Section 51013.1 to date.
- (3) Lines 901 and 903 owned by Plains Pipeline, L.P. (Plains) in the County of Santa Barbara have been purged of hazardous liquid, are not in operation and cannot restart until Plains receives approval from the United States Department of Transportation – Pipeline and Hazardous Materials Safety Administration (PHMSA) and OSFM. These two pipelines were reclassified to intrastate pipelines in May 2016, and are subject to California pipeline safety laws and will be subject to the new regulations being developed pursuant to GC Sections 51015.1 and 51013.1. Plains submitted applications to the County of Santa Barbara and San Luis Obispo for the potential replacement of both Line 901 and 903 with entirely new pipelines. The application is still under review.

Background

On May 19, 2015, an interstate pipeline (Line 901) owned by Plains ruptured, releasing over 123,000 gallons of heavy crude oil into the environment and ocean near Refugio State Beach in the County of Santa Barbara. The impacts from the spill were devastating, both environmentally and economically. To prevent similar incidents from occurring on intrastate hazardous liquid pipelines, the Governor signed two pipeline safety bills into law, Senate Bill 295 (Jackson, Chapter 607, Statutes of 2015) and Assembly Bill 864 (Williams, Chapter 592, Statutes of 2015), which relatively established GC Sections 51015.1 and 51013.1.

GC Section 51015.1 directed the OSFM to develop and adopt regulations by January 1, 2017, to conduct annual inspections on each intrastate hazardous liquid pipeline and pipeline operator to reduce the likelihood of future pipeline accidents. Regulations for Section 51015.1 became effective in February 2017.

Section 51013.1 requires new, replacement, and existing pipelines near Environmentally and Ecologically Sensitive Areas in the Coastal Zone to use best available technology to reduce the amount of oil released in an oil spill to protect state waters and wildlife. The OSFM was directed to develop and adopt regulations pursuant to GC Section 51013.1 by July 1, 2017, to include, but not be limited to:

1. A definition of automatic shutoff systems.
2. A process to assess the adequacy of the pipeline operator's risk analysis.
3. A process by which an operator may request confidential treatment of information submitted in its plan or contained in any documents associated with the risk analysis.
4. A determination of how near a pipeline must be to an Environmentally and Ecologically Sensitive Area to be subject to the regulation based on the likelihood of the pipeline impacting those areas.

Draft regulations for GC Section 51013.1 have been completed and presented during several public workshops. Comments submitted during those workshops have been considered and, where appropriate, incorporated into the draft regulations. The official rulemaking process governed by the Administrative Procedures Act has not formally commenced. However, the OSFM anticipates beginning formal rulemaking in early 2018. Information on the draft regulations can be found here:

http://osfm.fire.ca.gov/codedevelopment/codedevelopment_title19development

Number of Annual Inspections Conducted Pursuant to Government Code Section 51015.1

The first cycle of annual inspections of pipelines and pipeline operators began on July 1, 2017, when pipeline operators were required to submit a comprehensive form (PSD-101) to the OSFM for review. The completed PSD-101 form will contain data and validated inspection results from the previous calendar year for each jurisdictional pipeline and scheduled projects for the next



calendar year. All 46 pipeline operators subject to OSFM jurisdiction were inspected to ensure compliance with federal and State regulations in 2017. The annual inspections of the pipelines themselves commenced on January 1, 2018, and will be completed by the third quarter of 2018. The goal of the annual inspection is to enhance public safety, protect California's vital natural resources, and reduce the risk of future jurisdictional hazardous liquid pipeline accidents.

Status of the Installation of Automatic Shutoff Systems Pursuant to Government Code Section 51013.1, including a Summary of the Types of Shutoff Systems Installed, and the Number of Miles of Pipeline Covered by an Automatic Shutoff System

The OSFM has completed draft language for the new regulations required under GC Section 51013.1 and anticipates commencing the formal rulemaking process in early 2018. The draft regulations include a definition for Automatic Shutoff Systems, among the other requirements contained in GC Section 51013.1. As currently drafted, an "Automatic Shutoff System" means an automated system not dependent upon human interaction capable of shutting down a pipeline system. No automatic shutoff systems have been installed pursuant to GC Section 51013.1 to date because the regulations have not been formally adopted.

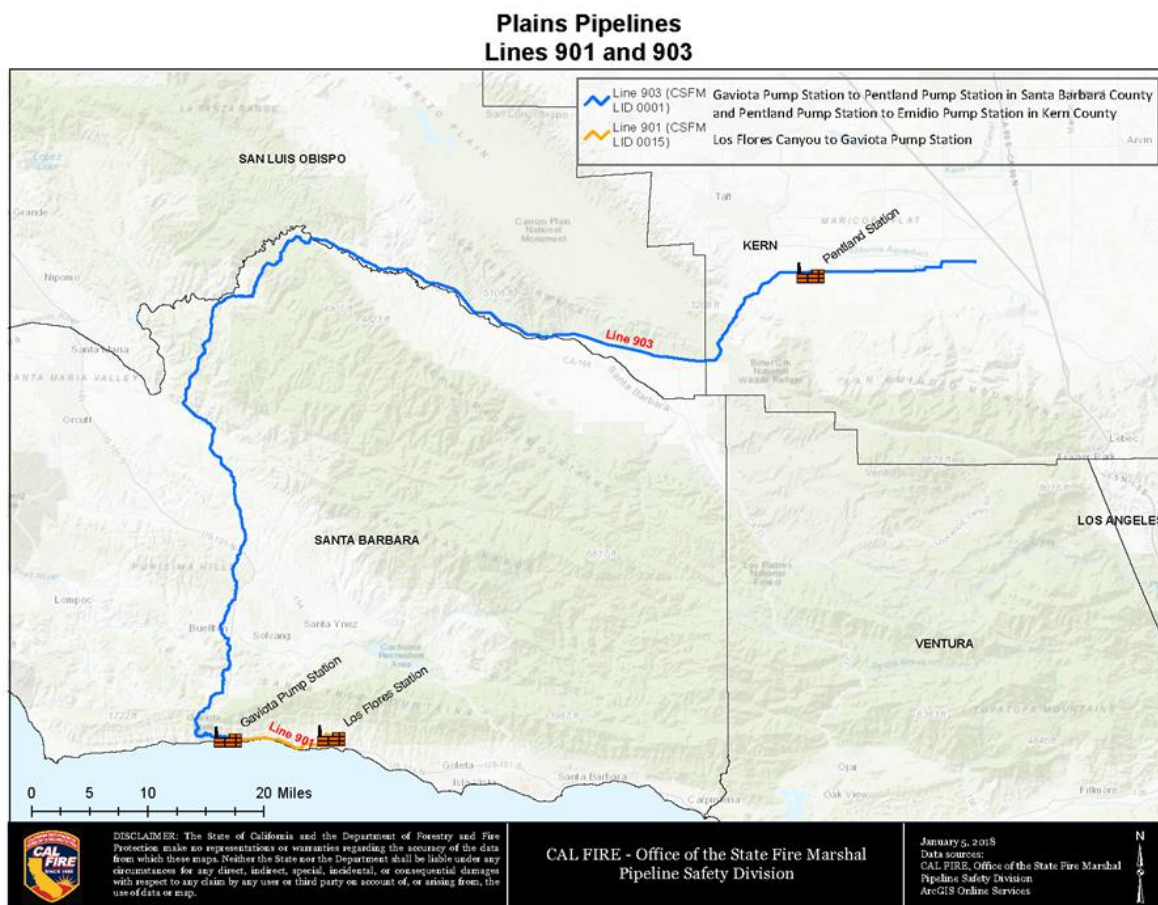
Information on Automatic Shutoff Systems installed and miles of pipeline covered by these systems will be outlined in the 2019 Report to the Legislature.

Status of Plains Pipeline Line 901 and Line 903 in the County of Santa Barbara

Line 901 (Los Flores Canyon to Gaviota Pump Station) in Santa Barbara County has been purged of hazardous liquid and is currently not in operation. The pipeline cannot be restarted until Plains receives approval from PHMSA and the OSFM. A return to service date has not been set for the line.

The section of Line 903 (Gaviota Pump Station to Pentland Pump Station) in Santa Barbara County has also been purged of hazardous liquid and is not in operation. However, the section of Line 903 (Pentland Pump Station to Emidio Pump Station) in Kern County remains in operation at reduced pressure and is undergoing extensive inspection and preventative repair work by Plains.

Both PHMSA and OSFM inspectors are monitoring construction activities on Lines 901 and 903. Lines 901 and 903 have been reclassified from interstate pipelines to intrastate pipelines and are subject to California pipeline safety laws, which includes regulations developed pursuant to GC Sections 51015.1 and 51013.1.



On August 15, 2017, Plains submitted various Plan and Permit Applications to the Counties of Santa Barbara and San Luis Obispo requesting approval of the Lines 901 and 903 replacement project. This permitting process is expected to take from two to three years to approve.

Both PHMSA and OSFM inspectors are monitoring all activities on Lines 901 and 903 and the OSFM continues to maintain close communication with local, State, and federal agencies regarding the status of Lines 901 and 903.

Conclusion

In 2018, the OSFM will continue to enforce California pipeline safety laws and regulations through detailed inspections of intrastate hazardous liquid pipelines and pipeline operators; continue to implement the annual inspection of each hazardous liquid pipeline and their operators pursuant to regulations developed pursuant to GC Section 51015.1; promulgate regulations to implement the requirements of GC Section 51013.1; and continue to monitor the status of Plains Lines 901 and 903.

Pursuant to GC Section 9795(d), this report can be obtained by:

- Viewing the report posted at the OSFM website here: <http://osfm.fire.ca.gov>
- Downloading from the OSFM website provided here: <http://osfm.fire.ca.gov>
- Calling the OSFM at (916) 263-6300 and requesting a hard copy.