



U.S. Department
Of Transportation
Pipeline and
Hazardous Materials
Safety Administration

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS MAIL

February 23, 2015

Mr. Jason Grey,
Interim Director of Utilities
City of Danville, VA
1040 Monument Street
Danville, Virginia 24540

CPF 1-2015-0003M

Dear Mr. Grey:

Between May 7 and October 22, 2014 inspectors from the Virginia State Corporation Commission (VA SCC) acting as Agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the City of Danville's (City) Distribution Integrity Management Program (DIMP) procedures in Danville, Virginia.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within the City's plans or procedures, as described below:

1. §192.1007 What are the required elements of an integrity management plan?

(d) *Identify and implement measures to address risks. Determine and implement measures designed to reduce the risks from failure of its gas distribution pipeline. These measures must include an effective leak management program (unless all leaks are repaired when found).*

The City's DIMP procedures are inadequate because those procedures failed to adequately state when performance measures beyond Part 192 Subpart P are required.

The City's DIMP procedures state that the City will track various Performance Measures and Accelerated Actions in Section 7.2 of the DIMP Plan. However, the only threshold identified during the VA SCC inspection was in Section 11.1 of the DIMP Plan, which states in part, "When excavation damages are found to be on the increase or are trending up by certain entities, i.e.; contractors, Public Works, other city departments, etc., Danville Utilities will provide additional training as needed per current state damage prevention acts." This is not adequate as it does not consider the impact of no change in the trend for this performance measure, as this may indicate that the risk is not being reduced.

2. §192.1007 What are the required elements of an integrity management plan?

(e) *Measure performance, monitor results, and evaluate effectiveness.*

(1) Develop and monitor performance measures from an established baseline to evaluate the effectiveness of its IM program. An operator must consider the results of its performance monitoring in periodically re-evaluating the threats and risks. These performance measures must include the following:

(i) Number of hazardous leaks either eliminated or repaired as required by §192.703(c) of this subchapter (or total number of leaks if all leaks are repaired when found), categorized by cause;

(ii) Number of excavation damages;

(iii) Number of excavation tickets (receipt of information by the underground facility operator from the notification center);

(iv) Total number of leaks either eliminated or repaired, categorized by cause;

(v) Number of hazardous leaks either eliminated or repaired as required by §192.703(c) (or total number of leaks if all leaks are repaired when found), categorized by material; and

(vi) Any additional measures the operator determines are needed to evaluate the effectiveness of the operator's IM program in controlling each identified threat.

The City's DIMP procedures are not adequate since those procedures failed to develop and provide adequate performance monitoring measures from an established baseline to prompt review of the effectiveness of the City's DIMP Program, and identify any additional actions needed.

The City has used 2011 as its baseline to compare 2012 data. Section 7.2 of the City DIMP Plan contains the mandatory and risk-based Performance Measures. Section 7.2 of the City's DIMP Plan states, in part, "These measures will be compared to previous plans to determine effectiveness of the performance measures and adjusted accordingly as new data is evaluated." While the baseline values are present in the Plan, it is unclear if the baseline data will remain 2011 data, 2011 and 2012 data, or just 2012 data. The City needs to establish how the baseline is determined, i.e. "A most recent 5-year average of data will be used..."

In addition, the City's DIMP procedures do not establish trigger points, or thresholds, for each performance measure to prompt review of the effectiveness of their risk reduction measures, or identify any additional actions needed.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you

believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that the City maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. In correspondence concerning this matter, please refer to **CPF 1-2015-0003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,



Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Cc: Mr. James Hotinger, VA SCC

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*