



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh St., S.W.
Washington, D.C. 20590

NOV - 3 2004

Mr. Richard N. Warne
City Manager
City of Coalinga
155 West Durian Avenue
Coalinga, CA 93210

Re: CPF Nos. 5-2003-0013, 5-2000-0003, 58005

Dear Mr. Warne:

Enclosed are the Final Orders issued by the Associate Administrator for Pipeline Safety in the above-referenced cases. They make findings of violation, assess civil penalties of \$24,500, and specify actions to be taken to comply with the pipeline safety regulations. Your receipt of the Final Orders constitutes service of those documents under 49 C.F.R. § 190.5.

The Associate Administrator also offers the enclosed Settlement Agreement. Execution of the agreement stays payment of the civil penalties pending your compliance with the provisions of the Settlement Agreement. Please sign both copies of the enclosed agreement and return both copies via express service to Mr. Benjamin Fred, Office of the Chief Counsel, Research and Special Programs Administration, Suite 8417, 400 Seventh Street, SW, Washington, DC 20590. If you have any questions with regards to this matter, please contact Mr. Fred at (202) 366-4400.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosures

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

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In the Matter of)

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City of Coalinga,)

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Respondent)
_____)

CPF No. 5-2003-0013

FINAL ORDER

On September 25 through 27, 2001, pursuant to 49 U.S.C. § 60117, representatives of the California Public Utilities Commission, as agents for the Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records in Coalinga, California. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated November 28, 2003, a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$15,000 for the alleged violations. The Notice also proposed that Respondent take certain measures to correct the alleged violations.

After requesting and receiving an extension of time to respond, Respondent responded to the Notice by letter dated February 5, 2004 (Response). Respondent did not contest the allegations of violation, but requested that the proposed civil penalty be eliminated or reduced. Respondent also provided information concerning the corrective action it planned to take. Respondent provided supplemental information on the corrective action by letters dated March 19, April 6, May 20, and August 12, 2004. Respondent also requested a hearing to discuss the proposed civil penalty. The hearing was held via telephone conference on May 20, 2004.

FINDINGS OF VIOLATION

In its Response and at the hearing, Respondent did not contest the violations alleged in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 192, as more fully described in the Notice:

49 C.F.R. § 192.13(c) – failing to follow procedures established for operations, maintenance, and emergencies (OM&E) by failing to document the causes of several leaks when they were repaired, and by failing to conduct odorization monitoring;

49 C.F.R. § 192.16(a)-(c) – failing to provide written notice to each customer that has buried piping not maintained by Respondent, within 90 days after the customer first receives gas at a particular location, that Respondent does not maintain the customer's buried piping and that precautions should be taken to avoid the potential hazards of corrosion and leakage;

49 C.F.R. § 192.603(b) – failing to keep records necessary to administer established OM&E procedures by:

- a. failing to have records demonstrating welder qualifications in accordance with § 192.227, and qualification maintenance or re-qualification in accordance with § 192.229;
- b. failing to have records demonstrating the inspection of each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every three calendar years pursuant to § 192.481;
- c. failing to have records demonstrating that appropriate operating personnel are trained in emergency procedures and that the effectiveness of the training has been verified pursuant to § 192.615(b)(2);
- d. failing to have records demonstrating the establishment of liaison with fire, police, and other public officials in accordance with § 192.615(c); and
- e. failing to have records demonstrating the repair of a hazardous leak that occurred at Anne Chancy Kindergarten on May 17, 1999, pursuant to § 192.703(c);

49 C.F.R. § 192.605(a) – failing to review and update the OM&E procedural manual at least once each calendar year since July 1995;

49 C.F.R. § 192.616 – failing to establish a continuing educational program to enable local residents to recognize and report gas pipeline emergencies; and

49 C.F.R. § 192.809(a) – failing to have a written operator qualification program by April 27, 2001.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

The Notice proposed a total civil penalty of \$15,000 for the violations of 49 C.F.R. §§ 192.13(c), 192.16(a)-(c), 192.603(b), 192.616, and 192.809(a). In its Response and at the hearing, Respondent requested that the civil penalty be reduced or eliminated. Respondent explained that it has a limited budget as a municipality, and its funds would be better used for corrective action than for payment of civil penalties. Respondent expressed an intention to comply with the terms of the Compliance Order and provided information indicating that some corrective actions have already begun.

During the hearing, the Director, Western Region, OPS explained that a civil penalty had been proposed in this case based on Respondent's history of noncompliance. On October 20, 1997, Respondent was issued a Final Order (CPF No. 54017) that assessed Respondent a civil penalty in the amount of \$12,500 for violations of pipeline safety regulations. Respondent never paid the civil penalty in violation of the Final Order. Respondent also failed to respond to a Notice of Probable Violation and Proposed Compliance Order (CPF No. 5-2000-0003) issued to Respondent on February 25, 2000. Furthermore, Respondent has been given prior notice of the conditions found in this Final Order to be violations of 49 C.F.R. §§ 192.13(c), 192.16(a)-(c), 192.605(a), and 192.809(a).

During the hearing, the Regional Director also explained that Respondent's status as a municipality had been considered during the calculation of the proposed civil penalties. The Regional Director explained that the proposed civil penalties were minimal to avoid undue burden on the municipality.

In light of the safety concerns posed by the violations found in this Final Order, Respondent's history of noncompliance, and the consideration of Respondent's status as a municipality in the development of the proposed civil penalty, I have determined that the reasons expressed by Respondent do not warrant reducing the civil penalty.

The Notice proposed a civil penalty of \$2,000 for violation of § 192.13(c). Documenting the causes of leaks provides important information regarding conditions existing on Respondent's pipeline system. Failing to document the causes of leaks can deprive the operator and OPS of necessary safety information to prevent future accidents. Failing to conduct proper odorization monitoring increases the risk that a gas release will not be promptly detected. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$2,000 for violation of § 192.13(c).

The Notice proposed a civil penalty of \$2,000 for violation of § 192.16(a)-(c). Failing to provide the required notification to customers may result in customers wrongly assuming their buried piping is being maintained by Respondent. Those customers may neglect to take their own precautions to

prevent corrosion and leakage, which may increase the risk of a hazardous release. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$2,000 for violation of § 192.16(a)-(c).

The Notice proposed a civil penalty of \$5,000 for five separate violations of § 192.603(b):

- a. A civil penalty of \$1,000 was proposed for failing to have records to demonstrate welder qualifications. Failing to ensure that welders are qualified under approved standards may lead to inferior welding that cannot withstand the pressures that the pipeline is subjected to.
- b. A civil penalty of \$1,000 was proposed for failing to have records demonstrating that Respondent monitored exposed pipelines for corrosion. Pipeline integrity may be threatened when pipeline corrosion is not promptly identified and remedied. Unidentified corrosion may contribute to or cause a leak or rupture in the pipeline.
- c. A civil penalty of \$1,000 was proposed for failing to train operating personnel in emergency procedures and to verify the effectiveness of the training. Proper training of operating personnel is essential to the handling of emergencies. In the event of an emergency, Respondent's failure to train its operating personnel in emergency procedures could potentially threaten the safety of the personnel, the public, and the environment.
- d. A civil penalty of \$1,000 was proposed for failing to establish liaison with appropriate fire, police, and other public officials. In the event of an emergency, proper coordination with fire, police, and other public officials is essential for the safety of persons and the environment.
- e. A civil penalty of \$1,000 was proposed for failing to have records documenting the repair of a particular hazardous leak. Documentation of leak repairs ensures that leaks are repaired promptly in accordance with pipeline safety regulations and provides critical information regarding the conditions existing on Respondent's pipeline system.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000 (5 x \$1,000) for the five violations of § 192.603(b).

The Notice proposed a civil penalty of \$1,000 for violation of § 192.616. Educating the public on how to recognize gas pipeline emergencies and how to report them promptly is essential to public safety. Education increases the likelihood that leaks will be detected and reported as soon as possible. Failure to educate local residents on recognizing and reporting gas pipeline emergencies could threaten the safety of the public and the environment. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$1,000 for the violation of § 192.616.

The Notice proposed a civil penalty of \$5,000 for failing to establish a written operator qualification program under § 192.809(a). Respondent's failure to establish proper personnel qualifications could pose a potential safety risk where personnel engaged in certain tasks are not properly trained to perform those tasks. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000 for the violation of § 192.616.

Having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$15,000.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$15,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to the violations of 49 C.F.R. §§ 192.13(c), 192.603(b), 192.605(a), 192.616, and 192.809(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Respondent must –

1. Develop processes, controls, and reviews to ensure that OM&E procedures are followed with respect to:
 - a. Conducting odorization monitoring and documenting the results;
 - b. Maintaining records to demonstrate qualification of welders;
 - c. Maintaining records of atmospheric corrosion control monitoring;
 - d. Documenting liaison with fire, police and other public officials; and
 - e. Documenting the repair of hazardous leaks.
2. Review and update the OM&E procedural manual at least once each calendar year, with intervals not exceeding 15 months, and maintain records to document the process.

3. Establish a continuing public education program in accordance with the requirements of § 192.616.
4. Establish a written program for qualification of pipeline personnel in accordance with Part 192, subpart N.
5. Submit to the Director, Western Region, OPS within 30 days of receipt of this Final Order a plan for completing each of the above items, including dates for completion of the required actions;
6. Provide semi-annual written reports of progress made towards achieving compliance. The semi-annual reports are due on February 1 and July 1 of each calendar year until such time as the Regional Director is satisfied that all requirements have been met. The initial report must be submitted within 30 days of receipt of this Final Order.
7. When compliance has been achieved, submit documentation to the Regional Director demonstrating the completion of each of the above items.

The Regional Director may grant an extension of time to comply with any of the required items upon a written request by the Respondent demonstrating good cause for an extension.

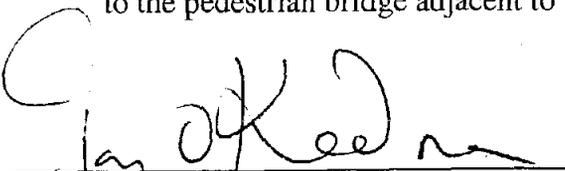
Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

WARNING ITEMS

The Notice did not propose a civil penalty or corrective action for several items in the Notice; therefore, these are considered warning items. Respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation. The warnings were for -

49 C.F.R. § 192.459 - failing to examine exposed portions of buried pipeline for evidence of external corrosion or coating deterioration and to consistently note the condition of the pipe on Respondent's "Service Truck Work Order" form; and

49 C.F.R. § 192.707(c) - failing to place line markers near the aboveground pipeline attached to the pedestrian bridge adjacent to the Amandako Mobile Home Park.



Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV - 3 2004

Date Issued

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
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City of Coalinga,)
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Respondent)
_____)

CPF No. 5-2000-0003

FINAL ORDER

On June 28 through July 2, 1999, pursuant to 49 U.S.C. § 60117, a representative of the California Public Utilities Commission, as agent for the Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records in Coalinga, California. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated February 25, 2000, a Notice of Probable Violation and Proposed Compliance Order. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192 and proposed that Respondent take certain measures to correct the alleged violations.

Respondent failed to respond within 30 days after it had received the Notice. Respondent's failure to respond constitutes a waiver of Respondent's right to contest the allegations in the Notice and authorizes the entry of this Final Order.

Pursuant to § 190.209(c), I find that Respondent violated the following sections of 49 C.F.R. Part 192 as described more completely in the Notice:

49 C.F.R. § 192.13(c) – failing to maintain and follow procedures for operations, maintenance, and emergencies (OM&E) by:

- a. failing to document the causes of leaks when they were repaired;
- b. failing to document actions taken to restore cathodic protection levels found below the established criterion;
- c. failing to conduct odorization monitoring;
- d. failing to conduct annual leakage surveys on two mains located within residential districts;

- e. failing to keep records demonstrating that equipment has been calibrated pursuant to Respondent's OM&E procedures; and
- f. failing to have procedures establishing rectifier reading parameters that require notification of Respondent's cathodic protection consultant to determine whether remedial action is required;

49 C.F.R. § 192.16(a)-(c) – failing to provide written notice to each customer that has buried piping not maintained by Respondent, within 90 days after the customer first receives gas at a particular location, that Respondent does not maintain the customer's buried piping and that precautions should be taken to avoid the potential hazards of corrosion and leakage;

49 C.F.R. § 192.459 – failing to examine exposed portions of buried pipeline for evidence of external corrosion and coating deterioration;

49 C.F.R. § 192.465(a) – failing to test each pipeline under cathodic protection at least once each calendar year, with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. Respondent failed to monitor an isolated steel riser connected to a plastic service line, in addition to several locations where plastic mains had replaced steel mains creating isolated services or risers;

49 C.F.R. § 192.603(b) – failing to keep records necessary to administer established OM&E procedures by:

- a. failing to have records demonstrating atmospheric corrosion monitoring for the aboveground pipeline segment located on a bridge near the city's entrance, pursuant to § 192.481; and
- b. failing to have records demonstrating the patrolling of the same segment in accordance with § 192.721;

49 C.F.R. § 192.605(b)(3) – failing to review for accuracy and update as necessary the maps of its distribution facilities. Respondent's maps did not show the location of every main and service line;

49 C.F.R. § 192.615(a)(6) – failing to establish written procedures for emergency shutdown and pressure reduction for individual sections of Respondent's pipeline system. Respondent did not have procedures for isolation zones to facilitate emergency shutdown and pressure reduction to minimize the hazards of a gas pipeline emergency;

49 C.F.R. § 192.621(a)(5) – failing to have records documenting the establishment of a maximum allowable operating pressure (MAOP) of 30 psig for Respondent's natural gas system. Respondent's records supported a MAOP of no greater than 23 psig; and

49 C.F.R. § 192.723(b)(1) – failing to conduct an annual leak survey in 1997 for the 6-inch main line that feeds the “Return to Custody” facility.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

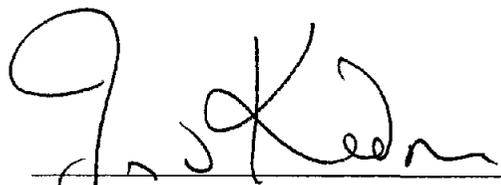
The Notice proposed a compliance order with respect to the violations alleged in the Notice. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Respondent must -

1. Develop processes, controls, and reviews to ensure that OM&E procedures are followed with respect to:
 - a. Documenting the causes of leaks when they are repaired;
 - b. Documenting actions taken to restore cathodic protection levels;
 - c. Conducting odorization monitoring and documenting the results;
 - d. Conducting leakage surveys and documenting the results;
 - e. Documenting equipment calibration; and
 - f. Documenting the condition of exposed portions of buried pipeline.
2. Conduct odorization monitoring to assure that natural gas in the distribution system is odorized pursuant to § 192.625. Maintain records to document this process.
3. Develop parameters for rectifier readings that require notification of Respondent’s cathodic protection consultant to determine whether remedial action is necessary.
4. Identify each customer that has buried piping not maintained by Respondent up to the entry of the first building downstream, or, if the customer’s buried piping does not enter a building, up to the principal gas utilization equipment or the first fence (or wall) that surrounds the equipment, and provide written notification pursuant to § 192.16. Develop processes and controls to ensure that customers receive required notification within 90 days after the customer first receives gas at a particular location.
5. Conduct a review of the distribution system and determine locations of all isolated service lines or risers. Schedule each isolated service line or riser for cathodic protection monitoring.
6. Develop records and documentation of patrolling and atmospheric corrosion monitoring for the aboveground segment of main located on the bridge near the city’s entrance.

7. Update maps of distribution facilities to accurately show the location of every service line and main. Develop procedures to assure that the system maps are updated regularly.
8. Review emergency plans and establish isolation zones as necessary to facilitate emergency shut-down or pressure reductions to minimize the potential hazards of a gas pipeline emergency.
9. Provide documentation that the MAOP on Respondent's pipeline system has been properly determined pursuant to § 192.621. If documentation cannot be provided, Respondent must reduce MAOP to the documented pressure of 23 psig.
10. Submit to the Director, Western Region, OPS within 30 days of receipt of this Final Order a plan for completing each of the above items, including dates for completion of the required actions;
11. Provide semi-annual written reports of progress made towards achieving compliance. The semi-annual reports are due on February 1 and July 1 of each calendar year until such time as the Regional Director is satisfied that all requirements have been met. The initial report must be submitted within 30 days of receipt of this Final Order.
12. When compliance has been achieved, submit documentation to the Regional Director demonstrating the completion of each of the above items.

The Regional Director may grant an extension of time to comply with any of the required items upon a written request by the Respondent demonstrating good cause for an extension.

Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.



Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV - 3 2004

Date Issued

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)
City of Coalinga,)
)
Respondent)
_____)

CPF No. 58005

FINAL ORDER

On April 22 through 24, 1997, pursuant to 49 U.S.C. § 60117, a representative of the California Public Utilities Commission, as agent for the Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records in Coalinga, California. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated January 29, 1998, a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$9,500 for the alleged violation of § 192.747. The Notice also proposed that Respondent take certain measures to correct the alleged violations.

After requesting and receiving an extension of time to respond, Respondent responded to the Notice by letter dated March 27, 1998 (Response). Respondent did not contest the allegations of violation but offered an explanation and requested that the proposed civil penalty be reduced or eliminated. Respondent did not request a hearing, and therefore waived its right to one.

FINDINGS OF VIOLATION

In its Response, Respondent did not contest the violations alleged in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 192, as more fully described in the Notice:

49 C.F.R. § 192.225(a) – failing to maintain records demonstrating that welding is performed by welders qualified under § 192.227;

49 C.F.R. § 192.225(b) – failing to have records of qualified welding procedures and the results of qualifying tests for welding performed on the system;

49 C.F.R. § 192.465(a) – failing to test each pipeline under cathodic protection at least once each calendar year, with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. Respondent monitored the following locations on a 10 percent sampling basis, even though the main and connected services were in excess of 100 feet in length: 296 N. 4th, 286 N. 4th, and 266 N. 4th Streets.

49 C.F.R. § 192.465(d) – failing to take prompt remedial action to correct cathodic protection deficiencies indicated by below-criteria readings at the following locations: 498 E. Polk, 596 Polk, 436 Roosevelt, 498 Polk, 197 Alfred, 296 N. 4th, 286 N. 4th, and 266 N. 4th Streets; and

49 C.F.R. § 192.747 – failing to check and service 95 distribution valves during the 1995 calendar year. Valve 9-C-5 had been serviced, but had not been operated since 1987. Valve 9-G-2 was missing a valve wheel necessary for its operation. Respondent's records also did not indicate if a valve had been paved over or if remedial action was necessary.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

The Notice proposed a civil penalty of \$9,500 for failing to check and service 95 distribution valves during the 1995 calendar year. In its Response, Respondent explained that valve maintenance had been scheduled for September 1995, but was postponed due to a major water metering project that occupied a majority of Respondent's staff from April 1995 until March 1996. When the water metering project ended in 1996, Respondent conducted the required valve maintenance.

Proper maintenance and operation of distribution valves is critical to the safety of a distribution system in the event that the flow of gas must be isolated or controlled quickly. The inability to locate or properly operate each of the distribution valves in an emergency can increase the risk of a hazardous gas release. As the operator of a natural gas distribution system, Respondent is obligated to ensure that the pipeline system complies with the pipeline safety regulations applicable to that system. Respondent's outside obligations do not excuse its failure to comply with the requirement that it check and service distribution valves once each calendar year.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$9,500.

Payment of the civil penalty must be made within 20 days of service. Payment may be made by sending a certified check or money order (containing the CPF Number for this case) payable to "U.S. Department of Transportation" to the Federal Aviation Administration, Mike Monroney Aeronautical Center, Financial Operations Division (AMZ-120), P.O. Box 25082, Oklahoma City, OK 73125.

Federal regulations (49 C.F.R. § 89.21(b)(3)) also permit this payment to be made by wire transfer, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$9,500 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to the violations of 49 C.F.R. §§ 192.225(a) and (b), 192.465(a) and (d), and 192.747. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Respondent must -

1. Produce and maintain documentation demonstrating that welding is performed by welders qualified in accordance with § 192.227.
2. Develop qualified welding procedures and document the results of the qualifying tests as required by § 192.225(b).
3. Test cathodic protection at the following locations at least once each calendar year, with intervals not exceeding 15 months, to determine the adequacy of the cathodic protection: 296 N. 4th, 286 N. 4th, and 266 N. 4th Streets.
4. Take remedial action to bring cathodic protection levels into compliance at the following locations: 498 E. Polk, 596 Polk, 436 Roosevelt, 498 Polk, 197 Alfred, 296 N. 4th, 286 N. 4th, and 266 N. 4th Streets.

5. Install the valve wheel required for proper operation of Valve 9-G-2 near Cherry and Elm Streets.
6. Submit to the Director, Western Region, OPS within 30 days of receipt of this Final Order a plan for completing each of the above items, including dates for completion of the required actions;
7. Provide semi-annual written reports of progress made towards achieving compliance. The semi-annual reports are due on February 1 and July 1 of each calendar year until such time as the Regional Director is satisfied that all requirements have been met. The initial report must be submitted within 30 days of receipt of this Final Order.
8. When compliance has been achieved, submit documentation to the Regional Director demonstrating the completion of each of the above items.

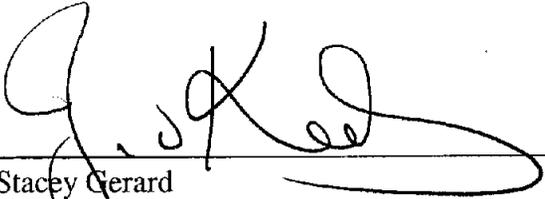
The Regional Director may grant an extension of time to comply with any of the required items upon a written request by the Respondent demonstrating good cause for an extension.

Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

WARNING ITEM

The Notice did not propose a civil penalty or corrective action for one item in the Notice; therefore, this is considered a warning item. Respondent is warned that if it does not take appropriate action to correct this item, enforcement action will be taken if a subsequent inspection reveals a violation. The warning was for –

49 C.F.R. § 192.13(c) – failing to follow procedures for operations, maintenance, and emergencies (OM&E) by failing to provide personnel with combustible gas indicators for leak detection, and by failing to test 55 fixed locations during the annual cathodic protection monitoring for calendar year 1996.


Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV - 3 2004

Date Issued