

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 7, 2016

Mr. Dan Newton
Public Works Director
City of Susanville
720 South Street
Susanville, CA 96130

CPF 5-2016-0004

Dear Mr. Newton:

On December 15-17, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected The City of Susanville's Gas System (Susanville) located in Susanville, California. Both the Susanville transmission and distribution pipelines were inspected.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) with regards to your transmission pipelines are:

1. §191.17 Transmission systems, gathering systems, and liquefied natural gas facilities. Annual report.

(a) Transmission or Gathering. Each operator of a transmission or a gathering pipeline system must submit an annual report for that system on DOT Form PHMSA 7100.2.1. This report must be submitted each year, not later than March 15, for the preceding calendar year, except that for the 2010 reporting year the report must be submitted by June 15, 2011.

Susanville failed to submit an annual report for a transmission pipeline system by March 15, for the year 2014. This is a repeat violation.

The City of Susanville considers the 10-mile, 6-inch steel segment of their gas system to be a distribution main. They have had this opinion since construction in 2001. In 2011-2012 PHMSA Western Region (WR) inspectors informed Susanville that the 10-mile 6-inch steel segment was a transmission line. Susanville disagreed with PHMSA WR. In 2013, The City of Susanville wrote to PHMSA for an interpretation. On March 12, 2015, PHMSA issued interpretation "City of Susanville-PI-13-0010-10-30-2013-Part 192.3" concurring with PHMSA WR. The City continues to disagree and opted to be cited on the issue. Susanville must file an annual report.

2. §192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

The City of Susanville failed to develop and follow a written integrity management program that contains the elements described in § 192.911 for a Transmission line.

3. §192.611 Change in class location: Confirmation or revision of maximum allowable operating pressure.

(d) Confirmation or revision of the maximum allowable operating pressure that is required as a result of a study under §192.609 must be completed within 24 months of the change in class location. Pressure reduction under paragraph (a) (1) or (2) of this section within the 24-month period does not preclude establishing a maximum allowable operating pressure under paragraph (a)(3) of this section at a later date.

The Susanville O&M manual does not require confirmation or revision of the maximum allowable operating pressure that is required as a result of a study under §192.609. This confirmation or revision MAOP must be completed within 24 months of the change in class location. Section B-14 of the Susanville O&M Manual does not state that the Maximum Allowable Operating Pressure will be confirmed or revised within a 24 month period.

4. §192.805 Qualifications Program.

Each operator shall have and follow a written qualification program.

Susanville failed to follow their written qualification program.

In 2001, Susanville contracted with Sunrise Engineering to develop the City of Susanville Operator Qualification (OQ) program and provide training. At some point in the past, Susanville terminated the contract with Sunrise Engineering and began training staff in-house using the O&M Manual procedures supplemented with original equipment manufacturers recommended maintenance procedures and contractor personnel. When Susanville terminated the contract with Sunrise Engineering, they lost access to all of the Sunrise Engineering OQ training and evaluation materials, OQ Covered Task List documentation and the Reevaluation interval information. Consequently they are not able to follow the written qualification program.

5. §192. 63 Marking of materials

(a) Except as provided in paragraph (d) of this section, each valve, fitting, length of pipe, and other component must be marked--

(1) As prescribed in the specification or standard to which it was manufactured, except that thermoplastic pipe and fittings made of plastic materials other than polyethylene must be marked in accordance with ASTM D2513-87 (incorporated by reference, see §192.7);

(2) To indicate size, material, manufacturer, pressure rating, and temperature rating, and as appropriate, type, grade, and model.

(b) Surfaces of pipe and components that are subject to stress from internal pressure may not be field die stamped.

(c) If any item is marked by die stamping, the die must have blunt or rounded edges that will minimize stress concentrations.

(d) Paragraph (a) of this section does not apply to items manufactured before November 12, 1970, that meet all of the following:

- (1) The item is identifiable as to type, manufacturer, and model.**
- (2) Specifications or standards giving pressure, temperature, and other appropriate criteria for the use of items are readily available.**

The Susanville Operations and Maintenance Plan does not contain procedures requiring materials be marked in accordance with §192.63.

6. §192.615 Emergency plans.

- (b) Each operator shall:**
- (3) Review employee activities to determine whether the procedures were effectively followed in each emergency.**

The City of Susanville O&M Manual does not contain procedures to review employee activities post emergency to determine whether the emergency procedures were effectively followed.

7. § 191.29 National Pipeline Mapping System.

- (a) Each operator of a gas transmission pipeline or liquefied natural gas facility must provide the following geospatial data to PHMSA for that pipeline or facility:**
 - (1) Geospatial data, attributes, metadata and transmittal letter appropriate for use in the National Pipeline Mapping System. Acceptable formats and additional information are specified in the NPMS Operator Standards Manual available at www.npms.phmsa.dot.gov or by contacting the PHMSA Geographic Information Systems Manager at (202) 366-4595.**
 - (2) The name of and address for the operator.**
 - (3) The name and contact information of a pipeline company employee, to be displayed on a public Web site, who will serve as a contact for questions from the general public about the operator's NPMS data.**
- (b) The information required in paragraph (a) of this section must be submitted each year, on or before March 15, representing assets as of December 31 of the previous year. If no changes have occurred since the previous year's submission, the operator must comply with the guidance provided in the NPMS Operator Standards manual available at www.npms.phmsa.dot.gov or contact the PHMSA Geographic Information Systems Manager at (202) 366-4595.**

The City of Susanville O&M Manual does not contain procedures to submit the information required by §191.29(a) on or before March 15 representing assets as of December 31 of the previous year.

8. §191.22 National Registry of Pipeline and LNG Operators.

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at [http:// opsweb.phmsa.dot.gov](http://opsweb.phmsa.dot.gov) of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe, that costs \$10 million or more. If 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;

(ii) Construction of 10 or more miles of a new pipeline; or

(iii) Construction of a new LNG plant or LNG facility.

(2) An operator must notify PHMSA of any of the following events not later than 60 days after the event occurs:

(i) A change in the primary entity responsible (i.e., with an assigned OPID) for managing or administering a safety program required by this part covering pipeline facilities operated under multiple OPIDs.

(ii) A change in the name of the operator;

(iii) A change in the entity (e.g., company, municipality) responsible for an existing pipeline, pipeline segment, pipeline facility, or LNG facility;

(iv) The acquisition or divestiture of 50 or more miles of a pipeline or pipeline system subject to Part 192 of this subchapter; or

(v) The acquisition or divestiture of an existing LNG plant or LNG facility subject to Part 193 of this subchapter.

The City of Susanville O&M Manual does not contain procedures to notify PHMSA of the events described in §191.22(c).

Distribution System

Please note that Items 3 through 7 also apply to your Distribution system pipeline. PHMSA will be addressing those items in a similar, but separate violation letter.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to items 1-4 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to The City of Susanville. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to item(s) 5-8 we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these item(s). Be advised that failure to do so may result in The City of Susanville being subject to additional enforcement action.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 5-2016-0004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 Jason Dunphy(#148382)

Enclosures: *Response Options for Pipeline Operators in Compliance Proceedings*
Proposed Compliance Order

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to The City of Susanville (Susanville) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Susanville with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Susanville's failure to file an annual report for a transmission system for the Year 2014, Susanville must file an annual report for 2014 and 2015.
2. In regard to Item Number 2 of the Notice pertaining to Susanville's failure to develop a written integrity management program for a gas transmission system in accordance with §192.611, Susanville must develop and implement an integrity management program for its transmission pipeline.
3. In regard to Item Number 3 of the Notice pertaining to Susanville's failure to include in the Susanville Operations and Maintenance Plan procedures that require confirmation or revision of the maximum allowable operating pressure that is required as a result of a study under §192.609 must be completed within 24 months of the change in class location, Susanville must amend the Susanville Operations and Maintenance Plan as noted.
4. In regard to Item Number 4 of the Notice pertaining to Susanville's failure to follow the written operator qualification program, Susanville must write and implement and new written qualification program.
5. Susanville must file the annual report for a transmission system for the year 2014 & 2015 within thirty (30) days of receiving the Final Order.
6. Susanville must complete development and implement a written integrity management program for the gas transmission line within 90 days of receiving the Final Order.
7. Susanville must amend the Operations and Maintenance Plan to include procedures that require confirmation or revision of the maximum allowable operating pressure within 24 months of the change in class location. This amendment must be completed within thirty (30) days of receiving the Final Order.
8. Susanville must write and implement a new written operator qualifications program. The new program must be implemented within 90 days of receiving the Final Order.
9. It is requested (not mandated) that Susanville maintain documentation of the

safety improvement costs associated with fulfilling this Compliance Order and submit the total to Christopher Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.