



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 PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

OVERNIGHT EXPRESS MAIL

December 23, 2013

Mr. Steve Saum, Dir. Of Utilities
City of Danville, VA
1040 Monument St.
Danville, VA 24541

CPF 1-2013-0009

Dear Mr. Saum:

On March 19 through 22, 2012, an inspector 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) pipeline facilities in Danville, VA.

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 violations are:

1. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

The City of Danville (City) failed to follow City procedure, Chapter 2, Part G-6, Table II.G-6.1 Titled Grade 1 Leaks. The procedure provides action criteria for Grade 1 leaks. It states that any gas above 80% LEL in a confined space, or 80% LEL or greater in a small substructure from which gas would likely migrate to the outside wall of a building is a Class 1 leak.

During an inspection of the City's leak records, the VASCC inspector discovered that a leak at 164 Martin Avenue was called in at 12:02 pm, on 09/03/2011.

- a. The leak, according to Work Order ID 106346, was a Class 2

- b. The field notes indicated that City personnel found 11% gas in air in a manhole
- c. Typically, natural gas has an LEL of 4-5%, and an 80% LEL equates to approximately 4% gas in air.
- d. Since the 11% gas in air measurement found in the manhole exceeded the 4% criteria specified in the City's procedures, the leak should have been classified as a Class 1 leak. This was not done.

Therefore, the City failed to follow their procedure for classifying leaks.

During an exit interview with the City, no explanation was offered to address the VA SCC inspector concerns. The repairs were documented as being completed on 09/07/2011.

2. § 192.725 Test requirements for reinstating service lines

(b) Each service line temporarily disconnected from the main must be tested from the point of disconnection to the service line valve in the same manner as a new service line, before reconnecting. However, if provisions are made to maintain continuous service, such as by installation of a bypass, any part of the original service line used to maintain continuous service need not be tested.

The City of Danville (City) failed to test each service line temporarily disconnected from the main from the point of disconnection to the service line valve, in the same manner as a new service line, before reconnecting.

During an inspection of the City's leak records, the VASCC inspector discovered that the City failed to pressure test service lines from the point of disconnection to the service line valve connection on 12 occasions. The records indicate that repairs were made to the service lines and the lines were soap tested at the point of repair prior to returning them to service. The City could not produce records to show that a pressure test was performed on the lines prior to their return to service.

The VASCC inspector observed records stating "soap test" as the only test performed after repairing a damaged service line at the following locations and dates:

1. WO 106170 29 Old Farm Road 8/24/2011
2. WO 104324 Piney Forest and Deer Run Road 6/14/2011
3. WO 106634 543 Rosemary Lane 9/14/2011
4. 151 Tollives Place 9/26/2011
5. WO 101821 449 Winstead Drive 3/22/2011
6. WO 105647 111 Winston Court 8/4/2011
7. WO 100383 159 Kirkwood Drive 12/29/2011
8. WO 103064 Kings Court and Princess Drive 5/5/2011
9. WO 101313 100 Joanis Drive 2/18/2011
10. WO 104505 131 James Road 6/22/2011
11. WO 106178 Colquhoun Street and Craighead Street 8/25/2011
12. WO 108288 319 Girard Street 12/4/2011.

During an exit interview with the City, no explanation was offered to address the VA SCC inspector's concerns. The City stated that the operator used pretested pipe in the repair.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$55,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$25,900
2	\$29,500

Proposed Compliance Order

With respect to Item 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to City of Danville, VA. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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. All material you submit in response to this enforcement action may be 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 1-2013-0009**, and for each document you submit, please provide a copy in electronic format whenever possible, and please whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

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: James Hotinger VA SCC

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 2 of the Notice pertaining to the City's failure to test each service line temporarily disconnected from the main from the point of disconnection to the service line valve, the City must amend its procedures regarding pressure testing to address this requirement.
2. The City shall have 60 days from the receipt of a Final Order to complete the requirements for Item Number 2 of the Notice.
3. It is requested (not mandated) that the City maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, PE, Director, Eastern 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.