

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 5, 2016

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

CPF 5-2016-0008

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 Distribution System (Susanville) located in Susanville, California.

As a result of your Distribution Pipeline System inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. Many of these probable violations were previously cited with respect to your Transmission Pipeline System. (*See* CPF No. 5-2016-0004, dated June 7, 2016). The items inspected and the probable violations are:

1. §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 Operations & Maintenance (O&M) Plan does not require confirmation or revision of the maximum allowable operating pressure (MAOP) that is required as a result of a study under §192.609. This confirmation or revision of the MAOP must be completed within 24 months of the change in class location. Section B-14 of the Susanville O&M Plan does not state that the MAOP will be confirmed or revised within a 24-month period.

2. §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 Plan 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.

3. §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.

4. §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 Plan does not contain procedures to review employee activities following an emergency to determine whether the emergency procedures were effectively followed.

5. §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> 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 Plan does not contain procedures to notify PHMSA of the events described in §191.22(c).

Proposed Compliance Order

With respect to items 1 & 2 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) 3-5, 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--0008** 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 J. Dunphy (#148382)

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 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 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.
2. In regard to Item Number 2 of the Notice pertaining to Susanville's failure to follow the written operator qualification program, Susanville must write and implement a new written qualification program.
3. 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.
4. Susanville must write and implement a written operator qualifications program. The new written operator qualifications program must be implemented within 90 days of receiving the Final Order.
5. 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.