NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY

Overnight Express Mail

October 25, 2011

Mr. Robert Steidel
Director, Department of Public Utilities
City of Richmond
Department of Public Utilities
900 E. Broad Street, Rm. 115
Richmond, VA 23219

Dear Mr. Steidel:

On March 21, 2011, 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 Richmond’s (City) construction activities in Richmond, VA.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

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
programs 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 failed to follow City procedure Volume II, Chapter 3, Section II, Pipeline Construction. The City contractor installing a plastic service tee did not follow the City's construction procedure which requires following manufacturer's instructions for each joint completed by the fusion method, or by a mechanical fitting method. The City's contractor used a pipe wrench to tighten the cap to a plastic service tee when the manufacturer's instructions states to hand tighten the cap to cap stop on the tee.

The VA SCC witnessed the contractor crew member performing this unauthorized method at 3414 Ellwood Avenue in Richmond, VA, and brought it to the attention of the City contractor crew foreman, who immediately had the crew remove this cap and install another one according to the manufacturer's instructions.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $100,000 for each violation for each day the violation persists up to a maximum of $1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of $25,000 as follows:

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<th>Item number</th>
<th>PENALTY</th>
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<td>1</td>
<td>$25,000</td>
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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.

Please send your correspondence on this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628 and refer to CPF 1-2011-0002. For each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosure: Response Options for Pipeline Operators in Compliance Proceedings

Cc: James Hotinger, VA SCC