



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**

UPS OVERNIGHT DELIVERY

December 13, 2012

Mr. Joe King
Danville City Manager
427 Patton St., Room 404
Danville, VA 24541

CPF 1-2012-0006

Dear Mr. King:

Between January 27 and December 29, 2011, inspectors 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. § 192.479 Atmospheric corrosion control: General.**
 - (b) Coating material must be suitable for the prevention of atmospheric corrosion.**

The City failed on one (1) occasion to coat a pipeline with a material that is suitable for the prevention of atmospheric corrosion.

The VA SCC inspectors observed and photographed an exposed main under bridges at Piedmont Drive and the Sandy River with areas of atmospheric corrosion. According to a City representative, only a primer coat was installed on the surface of the exposed piping, which is insufficient to protect the exposed main from atmospheric corrosion.

2. **§ 192.707 Line markers for mains and transmission lines.**

(c) Pipelines aboveground. Line markers must be placed and maintained along each section of a main and transmission line that is located aboveground in an area accessible to the public.

The City failed to install pipeline markers near a main that was accessible to the public. The City failed on three (3) occasions to have a pipeline marker on an above ground main that is accessible to the public at Pumpkin Creek Drive at the Pumpkin Creek Bridge, at the London Bridge Drive over the Pumpkin Creek and at the telemetry transmitter on London Bridge Drive.

The VA SCC inspectors observed and photographed an exposed main under bridges at the above locations, and at a take-off line connected to a main and a telemeter transmitter, and found no warning or Company identification markers as required by the regulation.

3. **§ 192.161 Supports and anchors.**

(b) Each exposed pipeline must have enough supports or anchors to protect the exposed pipe joints from the maximum end force caused by internal pressure and any additional forces caused by temperature expansion or contraction or by the weight of the pipe and its contents.

The City failed on one (1) occasion to properly install supports under a section of exposed cast iron main located under the bridge at Pumpkin Creek and London Bridge Drive. Several of the installed supports were not in contact with the cast iron main, and did not provide support to protect the exposed pipe joints from the weight of the cast iron pipe and its contents.

The VA SCC inspectors observed and photographed the section of the main referenced above.

4. **§ 192.199 Requirements for design of pressure relief and limiting devices.**

(h) Except for a valve that will isolate the system under protection from its source of pressure, be designed to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure limiting device inoperative.

The City failed to install pipeline locks on valves that could allow the monitor regulator to be by-passed. The City failed on two (2) occasions to prevent unauthorized operation of a valve that will make a pressure limiting device (monitor regulator) inoperable at the Southland Regulator and Craighead Rd. (Farmers Market) Regulator Stations by not having a by-pass run valve locked and by not having the control line valve handles removed.

The VA SCC inspectors observed and photographed regulator sets at the above mentioned locations with the monitor regulator by-pass valve unlocked. The handles to the regulator control lines were removed but the valves were unlocked in an unfenced area.

5. **§ 192.707 Line markers for mains and transmission lines.**

(d) Marker warning. The following must be written legibly on a background of sharply contrasting color on each line marker:

(1) The word "Warning," "Caution," or "Danger" followed by the words "Gas (or name of gas transported) Pipeline" all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with 1/4 inch (6.4 millimeters) stroke.

The City failed to install pipeline markers that meet the requirements of the code. The City failed on two (2) occasions to have pipeline markers that met the requirements of this code. The pipeline markers did

not have the word "Warning", "Caution" or "Danger" and did not have the correct letter size at Sandy River Regulator Station and the Southland Drive Regulator Station.

The VA SCC observed and photographed regulator stations at the above mentioned locations that did not have adequate markers with the correct letter size and did not have the word "Warning", "Caution" or "Danger" as stated in the code.

6. § 192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) Identify covered tasks;

The City failed on one (1) occasion to adequately/fully identify, as a covered task, the maintenance and calibration of telemetering equipment (use of an electrical or pneumatic apparatus for indicating, recording or integrating the values of a variable quantity, and for transmitting the data to a distant point). The equipment is used to monitor/transmit pipeline pressure readings in the pipeline system as stated in the §192.741 requirement.

PHMSA Eastern Region believes the maintenance of a telemeter meets the four part requirements of a covered task as stated in §192.801 (b). Transducers are a “pipeline facility” as defined in §192.3. §192.741 requires charts or telemetry on systems supplied by more than one district regulator station and requires the investigation of abnormally high or low pressures when indicated. Accurate readings are required to ensure the pipeline was not over pressured during abnormally high pressure situations. Over pressuring the system could affect the integrity of the pipeline.

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 violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$80,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$40,000
2	\$40,000

Warning Items

With respect to items 3, 4, 5, and 6 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 items. Be advised that failure to do so may result in the City being subject to additional enforcement action.

Proposed Compliance Order

With respect to items 1 and 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 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. 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 submit all correspondence in this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2012-0006** on each document you submit, 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.

Sincerely,

Byron Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

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

Cc: Mr. James Hotinger, VA SCC

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 Danville, Virginia (City) a Compliance Order incorporating the following remedial requirements to ensure the compliance of the City with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice, the City failed to coat a pipeline with a material that is suitable for the prevention of atmospheric corrosion on an exposed main under bridges at Piedmont Drive and the Sandy River. The City must remove the existing coating/primer, clean the pipeline surface, and apply a coating suitable for the prevention of atmospheric corrosion, in accordance with coating manufacturer's procedures.
2. In regard to Item Number 2 of the Notice, the City failed to install pipeline markers near an above ground main that was accessible to the public at Pumpkin Creek Drive at the Pumpkin Creek Bridge, at the London Bridge Drive over the Pumpkin Creek, and at the telemetry transmitter on the London Bridge Drive. The City must install and maintain line markers along each section of a main and feeder line that is located above ground in the area accessible to the public.
3. The City shall have 90 days from the receipt of a Final Order to complete the requirements for Items 1 and 2 of the Proposed Compliance Order.
4. It is requested (not mandated) that the City of Danville, VA maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, P.E., 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.