

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

OVERNIGHT EXPRESS DELIVERY

November 10, 2016

Mr. Robert Steidel
Director, Department of Public Utilities
City of Richmond
730 East Broad Street
Richmond, VA 23219

CPF 1-2016-0006

Dear Mr. Steidel:

On May 16, 2016, an inspector from the Virginia State Corporation Commission (VA SCC), acting as Agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, inspected the City of Richmond's (the City) pipeline facilities on Hungry Road in Henrico County, Virginia.

As a result of the inspection, it is alleged 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. §192.303 Compliance with specifications or standards.

Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

The City failed to construct each transmission line or main in accordance with comprehensive written specifications or standards that are consistent with this part.

Specifically, the City failed to follow its construction procedures for coating application on a 12-inch diameter steel main on Hungry Road in Henrico County.

During the inspection conducted on May 12, 2016, the VA SCC inspector witnessed the construction crew performing non-destructive inspection of a weld, followed by the use of a rag

and water to clean and remove the couplant gel used during non-destructive testing. The crew then mixed a two part Powercrete F1 coating, and applied the coating to the girth weld.

Subsequently, VA SCC reviewed the City's Pipeline Construction procedures (Natural Gas Procedures Manual Chapter 3 / II Pipeline Construction, effective date 5/15/2015, revised 3/12/2015). Section 4 states in part that:

“Steel Pipe... All pipe joints, line fittings, couplings, and other metal installed underground must be coated and/or wrapped with protective materials. Materials specified in procedure I.3.II ‘System Materials – Pipe & Coatings’, will be acceptable when properly applied. Protective wraps to be used on joints and pipeline components should be compatible with the coatings applied to the adjacent pipe. Practices to be followed in using these materials should be done in the manner recommended by the manufacturer of the coating and wrapping materials.”

VA SCC also reviewed the Manufacturer's Manual Application Guide for Powercrete R65—F1 PC-AG-R65-F1-Manual-Rev4-0208. Steps 4 and 5 of the manual state in part that:

“4. Surface preparation. Blast clean surface to a near white ISO-8501, NACE No. 2, SA-2 ½ (SSPC-SP 10_ or better using particle blasting (and or other). Sweep blast adjacent FBE coating 50 mm (2”) to either side of base steel area (cutback) . . .”

“5. Establish a 2.5-4 mils (64-100 microns) surface profile with sharp angularity. . .”

VA SCC asked the construction crew if the area that was coated had been prepared by sandblasting, in accordance with the Manufacturer's Manual Application Guide, to establish the proper surface profile. The construction crew admitted that the coating was applied without properly cleaning, sand blasting, or establishing a proper surface profile.

One weld had already been coated and was exposed, and one more weld was being coated when the inspector discovered the process being used.

In the City's response to VA SCC's Notice of Investigation, dated May 18, 2016, the City stated:

“The City agrees that the contractor did not follow the manufacturer's procedure, as referenced per the City's O&M procedure. The field crew prepared the pipe surface using the power tool wire wheel, but not as specified per manufacturer's recommendation, which requires sandblasting. The City informed the field crew to remove all the epoxy coating in question and instead use Tapecoat to finish up the project...

Therefore, the City failed to follow its construction procedures for coating application.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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 maximum penalty not to exceed \$1,000,000 for 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 \$36,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$36,200

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 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). Failure to respond within 30 days of receipt of this Notice 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 1-2016-0006** and 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

Cc:
 Mr. Massoud Tahamtani, VA SCC
 Mr. Drew Eaken, VA SCC

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*