



CITY OF RICHMOND

DEPARTMENT OF PUBLIC UTILITIES

GAS AND LIGHTS DIVISION

OPERATIONS CENTER

November 3, 2017

Robert Burrough
Acting Director Eastern Region
Pipeline and Hazardous Materials Safety
Administration
820 Bear Tavern Road
Suite 103
West Trenton, New Jersey 08628

RE: Response to Notice of Probable Violation and Proposed Civil Penalty (CPF 1-2017-0004)

Dear Mr. Burrough:

The City of Richmond has taken this matter very seriously and, along with our valued contracting partner, Henkels & McCoy, Inc., we are committed to compliance with our OQ Plan, with a focus on continuous improvement as opportunities arise. Please note that we are not contesting the findings of the February 24, 2017, inspection nor are we requesting a hearing. We submit this information for your consideration in mitigating this civil penalty.

As part of our response to this Notice of Probable Violation, dated October 10, 2017, we required Henkels & McCoy, Inc., to conduct a thorough and comprehensive review, including an audit by the Henkels & McCoy, Inc., Corporate Oversight Group (Henkels & McCoy Shared Services). The audit memorandum is enclosed for reference. Findings are as follows:

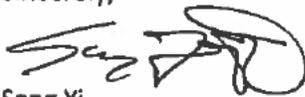
1. On February 24, 2017, a Henkels & McCoy, Inc., gas craftsman was observed by an inspector from the Virginia State Corporation Commission applying cold wrap coating to a freshly repaired pipe on the system owned and operated by the City of Richmond. The craftsman failed to apply Denso paste (primer) prior to wrapping the pipe with Denso tape. This was discovered/confirmed by the inspector at the time of the inspection.
 - a. The craftsman was appropriately Operator Qualified at the time
 - b. The deficiency was corrected
2. The craftsman and his crew were immediately removed from the gas system, while a detailed investigation of the matter was conducted.

3. On February 28, 2017, the Henkels & McCoy Operations Team in Richmond, in conjunction with the Henkels & McCoy East Region OQ Team, initiated the Suspected Loss of Qualification (SLQ) Process. This was conducted by H&M's Corporate Oversight Group (Henkels & McCoy Shared Services).
4. After the investigation, the worker was retrained. The City of Richmond then observed the requalification process, holding the Henkels & McCoy, Inc., employee to a higher passing threshold than required by the OQ Plan before requalifying him.
5. As an additional corrective action, Henkels & McCoy, Inc., retrained all of their employees who perform this covered task on the Denso tape application.
6. Henkels & McCoy, Inc., received a letter from the City of Richmond confirming corrective actions were complete and reinstating the individual to resume working on their property.
7. The City also implemented a new computerized material audit system earlier this year. This new material tracking system will enforce field crews to check their utility truck inventory daily to ensure all of the materials needed for the job are in hand. Tracking cathodic protection material are among the items included to assure trucks are fully stocked.
8. The City will be opening its new training facility on November 9, 2017. This facility will provide training to new employees and refresher training to existing employees. The new training facility will be available for the City's contractors to use as well.

Both the City of Richmond and Henkels & McCoy, Inc., take pride in the quality of our workforces and in operating in full compliance with the operator qualification regulations. OQ is a major focus at both organizations at the highest levels, and the detailed processes and procedures in place are thorough and reviewed regularly. This incident was an exception to both organizations' normal course of business, and measures have been taken to prevent recurrence.

Thank you for your consideration in this matter.

Sincerely,



Sang Yi
Engineer III, Gas and Lights
Richmond Gas Works
(Formerly Department of Public Utilities)

Enclosure

c: Rosemary Green, Interim Director, DPU
Al Scott, Deputy Director II, Gas & Lights, DPU
Carl James, Operation Manager, Richmond Gas Works
William Hummel, Henkels & McCoy

OQ MEMORANDUM

Date: November 1, 2017

To: E. Kevin Shoosmith, Vice President, Gas and Underground East Region

From: Dennis T. Condon, OQ Manager, Henkels & McCoy Shared Services (H&MSS) *DKC*

RE: Internal Audit of records and processes associated with SLQ-0265

Per your request we performed an audit to confirm the records / documents associated with SLQ-0265 (L. Cosby quality issue). We also audited to confirm whether the processes and procedures were performed per the current H&MSS OQ Action Plan on file with the City of Richmond.

We are performing this audit as a continuation of SLQ-0265 and therefore did not assign a new audit number. Below is a summary of the results:

- Lewis Cosby (Employee #361086) has been qualified by H&M on numerous covered tasks, including the tasks in question, since 2002. We found all records and backup documents in order. We identified if there were failure(s)/disqualifications(s) and subsequent retest(s)/requalification(s). All actions are per PHMSA requirements and the H&MSS OQ Action Plan for the City of Richmond.
- SLQ-0265: We found that the Suspected Loss for Qualification process was followed per the OQ Action Plan. The incident was investigated properly and the City of Richmond covered tasks were addressed. The City of Richmond also required Denso training which was performed with Mr. Cosby and the other H&M craftsmen working for the City. At this time, we see this as the required corrective actions and the records and documents are in order.

As an additional preventative measure, after this incident is resolved, an incident bulletin will be sent to all H&M Group Operations to share this lessons learned and further raise awareness to potential quality nonconformance and OQ rule application.

In conclusion, Henkels & McCoy has met all requirements per our OQ Action Plan with the City of Richmond and, through the corrective actions taken, we consider ourselves compliant.

Perrine, Nora CTR (PHMSA)

From: Burrough, Robert (PHMSA)
Sent: Wednesday, November 08, 2017 10:17 AM
To: Breen, Anthony (PHMSA); Perrine, Nora CTR (PHMSA); Springer, Michael (PHMSA); Riendeau, Marta (PHMSA)
Subject: FW: Notice of Probably Violation and Proposed Civil Penalty (CPF 1-2017-0004)
Attachments: Scanned from a Xerox Multifunction Printer.pdf

FYI - Response from City of Richmond on 120170004

-----Original Message-----

From: Hughes, Joyce C. - DPU [mailto:Joyce.Hughes@richmondgasworks.com]
Sent: Wednesday, November 08, 2017 10:04 AM
To: Burrough, Robert (PHMSA) <robert.burrough@dot.gov>; Green, Rosemary H. - DPU <Rosemary.Green@Richmondgov.com>; Scott, Alfred - DPU <Alfred.Scott@richmondgov.com>; James, Carl - DPU <Carl.James@richmondgasworks.com>; Yi, Sang - DPU <Sang.Yi@richmondgasworks.com>; 'William Hummel' <whummel@henkels.com>
Subject: Notice of Probably Violation and Proposed Civil Penalty (CPF 1-2017-0004)

Attached is the City of Richmond's response to CPF 1-2017-0004.

J. Carol Hughes
Administrative Assistant
R I C H M O N D G A S W O R K S
(formerly Department of Public Utilities - Gas Utility)
400 Jefferson Davis Highway
Richmond, VA 23224
804.646.8305

-----Original Message-----

From: Hughes, Joyce C. - DPU [mailto:joyce.hughes@richmondgasworks.com]
Sent: Wednesday, November 08, 2017 9:56 AM
To: Hughes, Joyce C. - DPU
Subject: Scanned from a Xerox Multifunction Printer

Please open the attached document. It was scanned and sent to you using a Xerox Multifunction Printer.

Attachment File Type: pdf, Multi-Page

Multifunction Printer Location: DPU-400Jefferson1FL-W7970
Device Name: XRX9C934E56C62B

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