U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.771.7800

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

May 17, 2018

Kelly P. Kinnett, P.E.
Water and Gas Director
City of Danville
1040 Monument Street
Danville, VA 24540

CPF 1-2018-0003W

Dear Mr. Kinnett:

On May 30, 2017 and June 20, 2017; an inspector from the Virginia State Corporation Commission (VA SCC), acting as an Agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the City of Danville's (City) records in Danville, VA.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violation(s) are:

1. **§ 192.613 Continuing Surveillance.**

   (b) If a segment of pipeline is determined to be in unsatisfactory condition but no immediate hazard exists, the operator shall initiate a program to recondition or phase out the segment involved, or, if the segment cannot be reconditioned or phased out, reduce the maximum allowable operating pressure in accordance with §192.619 (a) and (b).

The City failed to initiate a program to recondition or phase out segments determined to be in unsatisfactory condition. Specifically, the City failed to take actions to protect meter and service regulators from vehicular damage that may be anticipated, in accordance with §192.353(a).

Section 192.353(a) states:

"(a) Each meter and service regulator, whether inside or outside a building, must be installed in a readily accessible location and be protected from corrosion and other damage, including, if installed outside a building, vehicular damage that may be anticipated. However, the upstream regulator in a series may be buried."

During the inspection, the PHMSA inspector observed ten locations where vehicular damage to the meters and/or service regulators may be anticipated. VA SCC notified the City of the findings in a Notice of Investigation letter dated June 29, 2017.

The City's response to VA SCC's Notice of Investigation, dated July 28, 2017, stated in part:

"In 2014 to 2016, Danville Utilities used leak survey staff to collect meter set data to assess the potential threat of vehicular damage to existing meter sets for DIMP fact finding purposes. Based on the results of the assessment, the City determined no action was warranted for the ten locations identified by the SCC.
A review of the history of our system's experience with vehicular damage and of our records back to 2007 found that leaks due to vehicular damage was not a sub-threat with results requiring further mitigated action."

The City's follow-up response to VA SCC's Notice of Investigation, dated November 8, 2017, stated in part:

"The City considers damages by vehicles as part of its overall Distribution Integrity Management Program.

...

We concluded from the data collection and based on the history of occurences that no specific further action was warranted to existing metersets."

Subpart P of 49 CFR Part 192 prescribes minimum requirements for gas distribution integrity management (DIMP) programs. However, DIMP programs do not excuse Operators from other prescribed regulatory requirements, such as § 192.353(a). Based on its leak survey activities between 2014 and 2016, the City was aware of these meter sets and service regulators that do not meet the requirements of §192.353(a). The City's written responses demonstrate that it did not initiatve a program to recondition or phase out these meter and service regulator locations, as required by § 192.613(b).

The aboveground facilities were located near roadways, alleyways or driveways that see regulator vehicular traffic, and were not protected from vehicular damage that could be anticipated. A program to provide protection from vehicular damage to the aboveground facilities was not initiated. Therefore, the City failed to initiate a program to recondition or phase out segments determined to be in unsatisfactory condition.

2. **§ 192.751 Prevention of accidental ignition.**

   Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion, include the following:

(a) When a hazardous amount of gas is being vented into open air, each potential source of ignition must be removed from the area and a fire extinguisher must be provided.

The City failed to provide a fire extinguishers when a hazardous amount of gas was being vented into open air. Specifically, the City failed to provide a fire extinguisher during a May 30, 2017 gas service repair at Danville Community College.

During the inspection, the VA SCC inspector observed the City conducting a repair to a one inch gas service at Danville Community College. During the repair, the City performed a gas purging, during which a fire extinguisher was not provided.

In the City's Notice of Investigation response dated July 21, 2017, the City acknowledged that a fire extinguisher was not observed nearby during the purge.

Therefore, the City failed to provide a fire extinguisher when a hazardous amount of gas was being vented into open air.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $209,002 per violation per day the violation persists, up to a maximum of $2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, 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. 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 correct the item(s) identified in this letter. Failure to do so will result in the City of Danville being subject to additional enforcement action.

Please 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).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2018-0003W** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration