

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

September 3, 2020

Jason Grey
Interim Director of Utilities
City of Danville
1040 Monument St
Danville, VA 24540

CPF 1-2020-008-WL

Dear Jason Grey:

From February 20, 2019 to January 17, 2020, inspectors from the Virginia State Corporation Commission, Division of Pipeline Safety (VA SCC), acting as Agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected City of Danville's (the City) plans and procedures.

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 violations are:

- 1. §192.13 What general requirements apply to pipelines regulated under this part?**
(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

The City failed to follow the plans, procedures, and programs that it is required to establish under Part 192. Specifically, the City failed to follow its *Distribution Integrity Management Plan, effective 2018-12-01*, (DIMP), a program required per §192.1005.

DIMP stated in part:

“Chapter 8. PERIODIC EVALUATION AND IMPROVEMENT

Danville Utilities will conduct a complete re-evaluation of this Plan at least every 5 years.”

During the inspection, it was established that the City last validated its risk results by subject matter expert input in August of 2013. The risk results in Chapter 5 of the City’s DIMP were not re-evaluated in accordance its Chapter 8 requirement as the City failed to provide documentation demonstrating that a re-evaluation was conducted within 5 years of August 2013.

Therefore, the City failed to follow the integrity management program that it is required to establish under §192.1005, as per §192.13(c).

2. §192.13 What general requirements apply to pipelines regulated under this part?

(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

The City failed to follow the plans, procedures, and programs that it is required to establish under Part 192. Specifically, the City failed to follow its *Distribution Integrity Management Plan, effective 2018-12-01*, (DIMP), a program required per §192.1005.

DIMP stated in part:

“**6.2. RISK BASED ADDITIONAL ACTIONS ...**

h. Section: Cast, Ductile, Wrought Iron (larger than 8”) portion of Danville Utilities

...

For external corrosion on cast, wrought, ductile iron mains and services (larger than 8”) on the Cast, Ductile, Wrought Iron (larger than 8”) (Entire System) section, Danville Utilities will:

...

· Annual leak survey of ductile iron greater than 8” rather than the minimum required survey.”

During the inspection, the City failed to provide records demonstrating that it had conducted annual leak surveys on these portions on its cast, ductile or wrought iron mains greater than 8-inches in diameter. On June 19, 2019, the City confirmed via email that it had failed to conduct annual leak surveys on approximately 5.4 miles of these portions of its distribution system.

Therefore, the City failed to follow the integrity management program that it is required to establish under § 192.1005, as per §192.13(c).

3. §192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling

basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

The City failed to test each pipeline that is under cathodic protection, at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463.

During the inspection, the VA SCC inspector requested cathodic protection test records. Prior to beginning the inspection, the City disclosed and provided 55 locations where the City failed to perform cathodic protection testing at intervals not exceeding 15 months. Table 1, created by PHMSA and located in Attachment, depicts the locations with a cathodic protection test that exceeded 15-month interval.

Therefore, the City failed in 55 instances to test each pipeline that is under cathodic protection, at least once each calendar year, but with intervals not exceeding 15 months.

PHSMA encourages self-reporting of code violations. The City's transparency was taken into consideration during the selection of administrative enforcement actions.

4. §192.465 External corrosion control: Monitoring.

(b) Each cathodic protection rectifier or other impressed current power source must be inspected six times each calendar year, but with intervals not exceeding 2 ½ months, to insure that it is operating.

The City failed to inspect six times each calendar year, but with intervals not exceeding 2 ½ months, each cathodic protection rectifier or other impressed current power source to ensure that it is operating.

During the inspection, the VA SCC inspector requested cathodic protection records. Prior to beginning the inspection, the City disclosed and provided 4 locations where the City failed to perform cathodic protection inspections at intervals not exceeding 2 1/2 months. Table 2, created by PHMSA and located in Attachment, depicts the locations with a cathodic protection rectifier inspection that exceeded 2 ½ month interval.

Therefore, the City failed in 4 instances to inspect cathodic protection rectifiers at intervals not exceeding 2 ½ months to ensure that they were operating.

PHSMA encourages self-reporting of code violations. The City's transparency was taken into consideration during the selection of administrative enforcement actions.

5. §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 procedures 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 review and update its manual of written procedures for conducting operations and maintenance activities and for emergency response at intervals not exceeding 15 months, but at least once each calendar year.

During the inspection, the VA SCC inspector discovered that the City's Procedural Manual Review Form did not include review information for 2017 and 2018. The City responded to the VA SCC's December 23, 2019 Notice of Investigation on January 17, 2020, indicating reviews took place in 2017 and 2018 and providing associated records. The documentation provided by the City for the 2017 review identified a date of February 10, 2017, however the documentation for 2018 did not identify a date. The 2018 record failed to demonstrate that the 2018 review was performed prior to May 10, 2018, at an interval not exceeding 15 months.

Therefore, the City failed to review and update its manual of written procedures at intervals not exceeding 15 months, but at least once each calendar year.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. 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 City of Danville being subject to additional enforcement action.

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, 840 Bear Tavern Road, Suite 300,

West Trenton, NJ 08628. Please refer to **CPF 1-2020-008-WL** 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 USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

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

CC: Scott Marshall, VA SCC (via email)

Enclosure: Attachment