



U.S. Department
of Transportation
**Research and
Special Programs
Administration**

400 Seventh St., S.W.
Washington, D.C. 20590

JUN 21 2004

Mr. John Dayton
Vice President and Chief Operating Officer
Edison Pipeline & Terminal Company
Southern California Edison
300 North Lone Hill Avenue
San Dimas, CA 91773-1741

Re: CPF No. 5-2000-0008

Dear Mr. Dayton:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$30,000. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon payment. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)

Edison Pipeline & Terminal Company,)

Respondent)
_____)

CPF No. 5-2000-0008

FINAL ORDER

On October 25 through 29, 1999, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of Respondent's Pedley (Etiwanda) pipeline and related records, maps and procedures in Compton and Etiwanda, California. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated June 9, 2000, a Notice of Probable Violation, Proposed Civil Penalty, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192, proposed assessing a civil penalty of \$30,000 for the alleged violations, and proposed that Respondent take certain measures to correct the alleged violations. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its procedures for operations, maintenance and emergencies (OM&E).

Respondent responded to the Notice by letter dated July 11, 2000 (Response). Respondent did not contest the allegations of violation but provided information concerning the corrective action it planned to take. Respondent also submitted copies of its revised OM&E procedures. By letter dated May 9, 2001, Respondent provided documentation that the Pedley pipeline has been abandoned. Respondent did not request a hearing, and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its Response, Respondent did not contest the alleged violations in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 192, as more fully described in the Notice:

49 C.F.R. § 192.457(a) – failing to provide cathodic protection for the Pedley pipeline during 1997 and 1998. Respondent also failed to maintain adequate levels of cathodic protection at various locations on the line thereafter;

49 C.F.R. § 192.473(a) – failing to have a continuing program to minimize the detrimental effects of interference currents on the Pedley pipeline. Annual survey reports from 1996 through 1998 noted that the pipeline was experiencing interference currents. The OPS field inspection determined that the line continued to experience interference currents in 1999; and

49 C.F.R. §§ 192.603 and 192.619 – failing to have records to substantiate the maximum allowable operating pressure (MAOP) of 250 psig. Respondent did not have records to demonstrate that pressure testing had been conducted or that actual historic operating pressure had been evaluated to determine the MAOP. Respondent also failed to have records pertaining to a particular pipeline component (Pedley valve #1).

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations. The Notice proposed a total civil penalty of \$30,000 for Items 1 and 2. Respondent did not contest the proposed civil penalty.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

Item 1 of the Notice proposed a civil penalty of \$15,000 for the violation of 49 C.F.R. § 192.457. Inadequate cathodic protection can potentially lead to corrosion and to the release of hazardous gas. Since the Pedley line was located in class 2 and class 3 areas, a leak could have affected residences and businesses. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$15,000 for the violation of §192.457.

Item 2 of the Notice proposed a civil penalty of \$15,000 for the violation of 49 C.F.R. § 192.473. Annual survey reports in 1996 through 1998 had advised Respondent of the presence of interference currents affecting the Pedley line. The reports also recommended certain courses of action to minimize the detrimental effects of the interference. Despite these recommendations, Respondent failed to timely address the interference currents. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$15,000 for the violation of §192.473.

Having reviewed the record and considered the assessment criteria, I assess Respondent a **total civil penalty of \$30,000**. A determination has been made that Respondent has the ability to pay this penalty without adversely affecting its ability to continue in business.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications system (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-4719.

Failure to pay the \$30,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

COMPLIANCE ORDER

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. The Notice proposed a compliance order with respect to Items 1, 2 and 3c. Respondent has provided documentation that the Pedley pipeline has been abandoned in accordance with the requirements set forth in 49 C.F.R. § 192.727. Accordingly, since Respondent no longer operates the Pedley pipeline, it is unnecessary to include the compliance terms in this order.

AMENDMENT OF PROCEDURES

The Notice alleged inadequacies in Respondent's OM&E procedures and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. § 192.605. In its response, Respondent did not contest the alleged inadequacies and submitted copies of its amended procedures. Respondent subsequently reported that the Pedley pipeline has been abandoned. Accordingly, I find that Respondent's original procedures as described in the Notice were inadequate to ensure the safe operation of its pipeline system, but that no need exists to issue an order directing amendment.

WARNING ITEMS

The Notice did not propose a civil penalty or corrective action for Items 3a, 3b, and 3d but warned Respondent that it should take appropriate corrective action to correct the items. Respondent is again warned that enforcement action will be taken if a subsequent inspection reveals a violation of any of these items.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically

stays the payment of any civil penalty assessed. However, if Respondent submits payment for the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived. The terms and conditions of this Final Order are effective on receipt.

William Hobbs

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Stacey Gerard
Associate Administrator
for Pipeline Safety

6-21-04

Date Issued