



US Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh St S W
Washington D C 20590

NOV - 3 2004

Mr. Richard N. Warne
City Manager
City of Coalinga
155 West Durian Avenue
Coalinga, CA 93210

Re: CPF Nos. 5-2003-0013, 5-2000-0003, 58005

Dear Mr. Warne:

Enclosed are the Final Orders issued by the Associate Administrator for Pipeline Safety in the above-referenced cases. They make findings of violation, assess civil penalties of \$24,500, and specify actions to be taken to comply with the pipeline safety regulations. Your receipt of the Final Orders constitutes service of those documents under 49 C.F.R. § 190.5.

The Associate Administrator also offers the enclosed Settlement Agreement. Execution of the agreement stays payment of the civil penalties pending your compliance with the provisions of the Settlement Agreement. Please sign both copies of the enclosed agreement and return both copies via express service to Mr. Benjamin Fred, Office of the Chief Counsel, Research and Special Programs Administration, Suite 8417, 400 Seventh Street, SW, Washington, DC 20590. If you have any questions with regards to this matter, please contact Mr. Fred at (202) 366-4400.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosures

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

_____))
In the Matter of))
City of Coalinga,)) CPF No. 5-2000-0003
Respondent))
_____)

FINAL ORDER

On June 28 through July 2, 1999, pursuant to 49 U.S.C. § 60117, a representative of the California Public Utilities Commission, as agent for the Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records in Coalinga, California. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated February 25, 2000, a Notice of Probable Violation and Proposed Compliance Order. 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 and proposed that Respondent take certain measures to correct the alleged violations.

Respondent failed to respond within 30 days after it had received the Notice. Respondent's failure to respond constitutes a waiver of Respondent's right to contest the allegations in the Notice and authorizes the entry of this Final Order.

Pursuant to § 190.209(c), I find that Respondent violated the following sections of 49 C.F.R. Part 192 as described more completely in the Notice:

49 C.F.R. § 192.13(c) – failing to maintain and follow procedures for operations, maintenance, and emergencies (OM&E) by:

- a. failing to document the causes of leaks when they were repaired;
- b. failing to document actions taken to restore cathodic protection levels found below the established criterion;
- c. failing to conduct odorization monitoring;
- d. failing to conduct annual leakage surveys on two mains located within residential districts;

- e. failing to keep records demonstrating that equipment has been calibrated pursuant to Respondent's OM&E procedures; and
- f. failing to have procedures establishing rectifier reading parameters that require notification of Respondent's cathodic protection consultant to determine whether remedial action is required;

49 C.F.R. § 192.16(a)-(c) – failing to provide written notice to each customer that has buried piping not maintained by Respondent, within 90 days after the customer first receives gas at a particular location, that Respondent does not maintain the customer's buried piping and that precautions should be taken to avoid the potential hazards of corrosion and leakage;

49 C.F.R. § 192.459 – failing to examine exposed portions of buried pipeline for evidence of external corrosion and coating deterioration;

49 C.F.R. § 192.465(a) – failing to test each pipeline under cathodic protection at least once each calendar year, with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. Respondent failed to monitor an isolated steel riser connected to a plastic service line, in addition to several locations where plastic mains had replaced steel mains creating isolated services or risers;

49 C.F.R. § 192.603(b) – failing to keep records necessary to administer established OM&E procedures by:

- a. failing to have records demonstrating atmospheric corrosion monitoring for the aboveground pipeline segment located on a bridge near the city's entrance, pursuant to § 192.481; and
- b. failing to have records demonstrating the patrolling of the same segment in accordance with § 192.721;

49 C.F.R. § 192.605(b)(3) – failing to review for accuracy and update as necessary the maps of its distribution facilities. Respondent's maps did not show the location of every main and service line;

49 C.F.R. § 192.615(a)(6) – failing to establish written procedures for emergency shutdown and pressure reduction for individual sections of Respondent's pipeline system. Respondent did not have procedures for isolation zones to facilitate emergency shutdown and pressure reduction to minimize the hazards of a gas pipeline emergency;

49 C.F.R. § 192.621(a)(5) – failing to have records documenting the establishment of a maximum allowable operating pressure (MAOP) of 30 psig for Respondent's natural gas system. Respondent's records supported a MAOP of no greater than 23 psig; and

49 C.F.R. § 192.723(b)(1) – failing to conduct an annual leak survey in 1997 for the 6-inch main line that feeds the “Return to Custody” facility.

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

COMPLIANCE ORDER

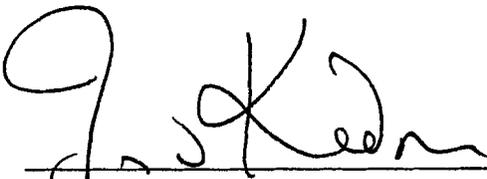
The Notice proposed a compliance order with respect to the violations alleged in the Notice. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Respondent must -

1. Develop processes, controls, and reviews to ensure that OM&E procedures are followed with respect to:
 - a. Documenting the causes of leaks when they are repaired;
 - b. Documenting actions taken to restore cathodic protection levels;
 - c. Conducting odorization monitoring and documenting the results;
 - d. Conducting leakage surveys and documenting the results;
 - e. Documenting equipment calibration; and
 - f. Documenting the condition of exposed portions of buried pipeline.
2. Conduct odorization monitoring to assure that natural gas in the distribution system is odorized pursuant to § 192.625. Maintain records to document this process
3. Develop parameters for rectifier readings that require notification of Respondent’s cathodic protection consultant to determine whether remedial action is necessary.
4. Identify each customer that has buried piping not maintained by Respondent up to the entry of the first building downstream, or, if the customer’s buried piping does not enter a building, up to the principal gas utilization equipment or the first fence (or wall) that surrounds the equipment, and provide written notification pursuant to § 192.16. Develop processes and controls to ensure that customers receive required notification within 90 days after the customer first receives gas at a particular location.
5. Conduct a review of the distribution system and determine locations of all isolated service lines or risers. Schedule each isolated service line or riser for cathodic protection monitoring.
6. Develop records and documentation of patrolling and atmospheric corrosion monitoring for the aboveground segment of main located on the bridge near the city’s entrance.

7. Update maps of distribution facilities to accurately show the location of every service line and main. Develop procedures to assure that the system maps are updated regularly.
8. Review emergency plans and establish isolation zones as necessary to facilitate emergency shut-down or pressure reductions to minimize the potential hazards of a gas pipeline emergency.
9. Provide documentation that the MAOP on Respondent's pipeline system has been properly determined pursuant to § 192.621. If documentation cannot be provided, Respondent must reduce MAOP to the documented pressure of 23 psig
10. Submit to the Director, Western Region, OPS within 30 days of receipt of this Final Order a plan for completing each of the above items, including dates for completion of the required actions;
11. Provide semi-annual written reports of progress made towards achieving compliance. The semi-annual reports are due on February 1 and July 1 of each calendar year until such time as the Regional Director is satisfied that all requirements have been met. The initial report must be submitted within 30 days of receipt of this Final Order.
12. When compliance has been achieved, submit documentation to the Regional Director demonstrating the completion of each of the above items.

The Regional Director may grant an extension of time to comply with any of the required items upon a written request by the Respondent demonstrating good cause for an extension.

Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.



Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV - 3 2004

Date Issued