

City of Susanville

PUBLIC WORKS DEPARTMENT



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Dan Newton, *Director* • Dan Gibbs, *City Engineer*

December 29, 2016

Mr. Larry White
Presiding Official
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Avenue SE
Washington, DC 20590

Mr. Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Avenue, Suite 110
Lakewood, CO 80228

RE: City of Susanville Hearing CPF No. 5-2016-0004

Dear Mr. White and Mr. Hoidal:

I am writing to provide information that may be relevant to the upcoming hearing for the City of Susanville. The purpose of this letter is to explain the process that led to the hearing from the City's perspective. The City of Susanville is appreciative of the approach that the Pipeline and Hazardous Materials Safety Administration (PHMSA) has taken in regard to the classification of the City's 10.75 mile segment of 6" steel main line (Attachment A). The ramifications of the transmission designation may have a profound impact on the cost to operate the pipeline segment and the City feels that we were not provided a clear interpretation of the regulation as it relates to our pipeline. Specifically, conversations with our regional inspector have raised some concerns regarding the transmission definition that were not addressed in the interpretation. The City looks forward to discussing the interpretation letter at the hearing to gain a better understanding of PHMSA's position regarding the applicability of 192.3 (transmission definition) to the pipeline segment in question.

The City began operating its natural gas system in September, 2001. At the time of construction, the gas main was intended to operate as distribution for several years before growth required the City to increase its operating pressure to meet demand. The system has never operated at a pressure higher than 20% of SMYS. Each year, for 11 years, the City of Susanville submitted an annual distribution report for the system without any indication that the City was operating a transmission line.

After an inspection in March 2012, the City received a warning letter (Attachment B) stating that a separate report should be filed for the City's transmission and distribution system. The City requested a

formal interpretation in October, 2013 (Attachment C) and received a response in March, 2015 (Attachment D). The City feels that the interpretation letter dated March 12, 2015, lacks definitive language asserting the line is a transmission line. Mr. Twabe Asebe was contacted via telephone to discuss the letter. Mr. Asebe, indicated that it would be appropriate for the City to send an email to PHMSA if the City felt there was additional information that may be material to the determination. On June, 30, 2015, an email was sent to Mr. Asebe (Attachment E) . The City did not receive a written response to the email; however, Jason Dunphy made a visit to Susanville to discuss the situation on July 22, 2015.

During his July 22, 2015 visit, Mr. Dunphy and I discussed the March 12, 2015, letter. Mr. Dunphy shared his thoughts on the letter and provided additional information relevant to the transmission designation. Mr. Dunphy informed me that not only is it the MAOP of the 6" steel pipeline that is triggering the transmission designation but also the fact that there are two large volume customers upstream of the City's distribution center. I informed Mr. Dunphy that the City may wish to lower its MAOP to a pressure that is below 20% of SMYS; however, that action would be moot if the line would still be considered transmission. Mr. Dunphy presented the option of receiving a violation that would carry no monetary penalty and proceeding to a hearing so that the City would be provided definitive answers regarding the status of the pipeline.

In conclusion, the City has maintained its position that the pipeline does not operate at a pressure that is greater than 20% of SMYS and therefore should not be deemed transmission. PHMSA's interpretation letter indicates that while the pipeline segment is not currently operating at a pressure that is greater than 20% of SYMS, the City is allowed to operate at a pressure that is 36% of SMYS because the MAOP is 1000 psi, thereby the pipeline segment appears to be transmission. In addition, the interpretation letter does not address the applicability of the transmission definition in 192.3 as it relates the transport of gas to a large volume customer that is not downstream from a distribution center. Conversations with our regional inspector have prompted the City to elect to receive a notice of violation that carries no civil penalty so that the presiding hearing officer can provide a determination as to the status of the line. The City is appreciative of the support of our regional inspector and PHMSA's management as we work through this matter to determine the City's best course of action moving forward.

Sincerely,

Dan Newton, PE

A handwritten signature in blue ink that reads "Dan Newton". The signature is stylized with a large initial "D" and a long horizontal flourish extending to the right.

Public Works Director

Enclosures:

- Attachment A – Map Susanville Natural Gas Main lines
- Attachment B – March 14, 2012 Warning Letter
- Attachment C – October 23, 2013 letter from Susanville requesting interpretation
- Attachment D – March 12, 2015 Interpretation Letter
- Attachment E – June 30, 2015 email to Mr. Twabe Asebe