

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 31, 2016

Mr. Peter Preciado
Public Works and Utilities Director
City of Coalinga
155 West Durian Avenue
Coalinga, CA 93210

CPF 5-2016-0014

Dear Mr. Preciado:

On November 16-19, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your City of Coalinga's Gas Distribution System located in Coalinga, California.

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. The items inspected and the probable violations are:

1. **§ 192.463 External corrosion control: Cathodic protection.**

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

Appendix D – Criteria for Cathodic Protection and Determination of Measurements

II. Interpretation of voltage measurement. Voltage (IR) drops other than those across the structural electrolyte boundary must be considered for valid interpretation of the voltage measurement in paragraphs A(1) and (2) and paragraph B(1) of Section I of the Appendix.

The City of Coalinga did not have an adequate process for monitoring their cathodic protection system. The regulation requires using monitoring criteria to determine the negative (cathodic) voltage of at least 0.85 volt, to indicate consideration for IR drop for pipe to soil readings, per Appendix D section II referred to by part 192.463.

Coalinga CP procedures did not consider Voltage (IR) drops other than those across the structure electrolyte boundary for valid interpretation of the voltage measurement criteria used in reporting the readings.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, 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. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with maximum penalty not exceeding \$1,000,000 for related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to City of Coalinga. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2016-0014** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 Nicolas Cruz (#151443)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to City of Coalinga (Coalinga) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Coalinga with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to failure to comply to check adequately the level of external corrosion control in their selected criteria, Coalinga must amend their O&M Manual to consider voltage (IR) drops for valid interpretation of the voltage measurement of pipe to soil readings.
2. Coalinga must write and implement a process or procedure for considering voltage (IR) drop for pipe to soil readings. This written process or procedure for cathodic protection criteria for external corrosion control must be completed and start to be implemented within 90 days of receiving this Compliance Order.
3. It is requested (not mandated) that Coalinga maintains documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mr. Christopher Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.