

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 18, 2017

Mr. Peter Guadagni
General Manager
Island Energy
440 Walnut Ave
Vallejo, CA 94592

CPF 5-2017-0013W

Dear Mr. Guadagni:

On January 24 through 27, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected the Island Energy procedures for gas distribution system in Vallejo, 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 (CFR). The items inspected and the probable violations are:

- 1. §192.491 Corrosion control records.**
(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

Island Energy failed to document the inspection of the aboveground meter sets for atmospheric corrosion. A review of the corrosion records revealed that Island Energy did not have a location to record the atmospheric corrosion inspection. Island Energy conducts the inspection at least

every three years, not to exceed 39 months. This inspection is evidenced by the fact that Island Energy manually reads each meter set at least monthly for billing purposes.

2. **§192.743 Pressure limiting and regulating stations: Capacity of relief devices**
 - (a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in §192.739(b), the capacity must be consistent with the pressure limits of §192.201(a). This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations.

Island Energy failed to verify and document the capacity of the system emergency relief valve in 2015 and 2016. A review of maintenance records revealed the failure to verify the capacity of the relief valve.

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 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 Island Energy being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2017-0013W**. 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).

Sincerely,

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Dunphy (#148456)