

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [70063450000171041869]

November 21, 2011

Mr. David King
Plant Manager
Sunrise Power Company
12857 Sunrise Power Rd.
Fellows, CA 93224

CPF 5-2011-0024M

Dear Mr. King:

On June 13-17, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Sunrise Power Company's gas transmission pipeline facilities in Fellows, California. The inspection included a review of Sunrise Power Company's operation and maintenance (O&M) program, a record review, and a field inspection.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Sunrise Power Company's plans or procedures, as described below:

1. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Sunrise Power Company's O&M manual review records did not specify the day of the month the O&M manual was reviewed. Only the month and year are noted. In order to accurately document that each review is completed within the required time period, Sunrise Power Company must specify the day of the month when recording the date an O&M manual review is performed.

2. §192.613 Continuing Surveillance.

(b) If a segment of pipeline is determined to be in unsatisfactory condition but no immediate hazard exists, the operator shall initiate a program to recondition or phase out the segment involved, or, if the segment cannot be reconditioned or phased out, reduce the maximum allowable operating pressure in accordance with §192.619 (a) and (b).

Sunrise Power Company's O&M manual section 2.11 does not include written procedures that reduce the maximum allowable operating pressure (MAOP) if a segment of pipeline is determined to be in unsatisfactory condition. Sunrise Power Company must amend their O&M manual to include procedures that address continuing surveillance as required above.

3. §192.703 General

(b) Each segment of pipeline that becomes unsafe must be replaced, repaired, or removed from service.

(c) Hazardous leaks must be repaired promptly.

Sunrise Power Company's O&M manual does not include written procedures to replace, repair or remove each segment of pipeline that becomes unsafe. In addition, the O&M manual does not include procedures requiring the prompt repair of hazardous leaks. Sunrise Power Company must amend their O&M manual to include procedures that address pipeline maintenance as required above.

4. §192.713 Transmission Lines: Permanent field repair of imperfections and damages.

(a) Each imperfection or damage that impairs the serviceability of pipe in a steel transmission line operating at or above 40 percent of SMYS must be-

(1) Removed by cutting out and replacing a cylindrical piece of pipe; or

(2) Repaired by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe.

(b) Operating pressure must be at a safe level during repair operations.

Sunrise Power Company's O&M manual does not include written procedures that address transmission line field repairs and testing of repairs as specified in 192.713. Sunrise Power Company must amend their O&M manual to include procedures that address the requirements stated above.

5. §192.715 Transmission Lines: Permanent field repair of welds.

Each weld that is unacceptable under §192.241(c) must be repaired as follows:

(a) If it is feasible to take the segment of transmission line out of service, the weld must be repaired in accordance with the applicable requirements of §192.245.

(b) A weld may be repaired in accordance with §192.245 while the segment of transmission line is in service if:

(1) The weld is not leaking;

(2) The pressure in the segment is reduced so that it does not produce a stress that is more than 20 percent of the SMYS of the pipe; and

(3) Grinding of the defective area can be limited so that at least 1/8-inch (3.2 millimeters) thickness in the pipe weld remains.

(c) A defective weld which cannot be repaired in accordance with paragraph (a) or (b) of this section must be repaired by installing a full encirclement welded split sleeve of appropriate design.

Sunrise Power Company's O&M manual does not include written procedures that address transmission line field repairs and testing of repairs as specified in 192.715. Sunrise Power Company must amend their O&M manual to include procedures that address the requirements stated above.

6. §192.717 Transmission Lines: Permanent field repair of leaks.

Each permanent field repair of a leak on a transmission line must be made by-

(a) Removing the leak by cutting out and replacing a cylindrical piece of pipe; or

(b) Repairing the leak by one of the following methods:

(1) Install a full encirclement welded split sleeve of appropriate design, unless the transmission line is joined by mechanical couplings and operates at less than 40 percent of SMYS.

(2) If the leak is due to a corrosion pit, install a properly designed bolt-on-leak clamp.

(3) If the leak is due to a corrosion pit and on pipe of not more than 40,000 psi (267 Mpa) SMYS, fillet weld over the pitted area a steel plate patch with rounded corners, of the same or greater thickness than the pipe, and not more than one-half of the diameter of the pipe in size.

(4) If the leak is on a submerged offshore pipeline or submerged pipeline in inland navigable waters, mechanically apply a full encirclement split sleeve of appropriate design.

(5) Apply a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe.

Sunrise Power Company's O&M manual does not include written procedures that address transmission line field repairs and testing of repairs as specified in 192.717. Sunrise Power Company must amend their O&M manual to include procedures that address the requirements stated above.

7. §192.719 Transmission Lines: Testing of repairs.

(a) Testing of replacement pipe. If a segment of transmission line is repaired by cutting out the damaged portion of the pipe as a cylinder, the replacement pipe must be tested to the pressure required for a new line installed in the same location. This test may be made on the pipe before it is installed.

(b) Testing of repairs made by welding. Each repair made by welding in accordance with §§192.713, 192.715, and 192.717 must be examined in accordance with §192.241.

Sunrise Power Company's O&M manual does not include written procedures that address transmission line field repairs and testing of repairs as specified in §192.719. Sunrise Power Company must amend their O&M manual to include procedures that address the requirements stated above.

8. §192.485 Remedial measures: Transmission lines.

(a) General corrosion. Each segment of transmission line with general corrosion and with a remaining wall thickness less than that required for the MAOP of the pipeline must be replaced or the operating pressure reduced commensurate with the strength of the pipe based on actual remaining wall thickness. However, corroded pipe may be repaired by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe. Corrosion pitting so closely grouped as to affect the overall strength of the pipe is considered general corrosion for the purpose of this paragraph.

(b) Localized corrosion pitting. Each segment of transmission line pipe with localized corrosion pitting to a degree where leakage might result must be replaced or repaired, or the operating pressure must be reduced commensurate with the strength of the pipe, based on the actual remaining wall thickness in the pits

(c) Under paragraphs (a) and (b) of this section, the strength of pipe based on actual remaining wall thickness may be determined by the procedure in ASME/ANSI B31G or the procedure in AGA Pipeline Research Committee Project PR 3-805 (with RSTRENG disk). Both procedures apply to corroded regions that do not penetrate the pipe wall, subject to the limitations prescribed in the procedures.

Sunrise Power Company's O&M manual does not include written procedures that address the remedial measures taken for corroded pipe as specified in 192.485(a) and 192.485(b). In addition, the O&M manual does not include written procedures for determining strength of pipe based on actual remaining wall thickness. Sunrise Power Company may determine pipe strength using the procedure in ASME/ANSI B31G or the procedure in AGA Pipeline Research Committee Project PR 3-805 (with RSTRENG disk). Sunrise Power Company must amend their O&M manual to include procedures that address the requirements stated above.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Sunrise Power Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration.

In correspondence concerning this matter, please refer to **CPF 5-2011-0024M** 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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 C. Lee (#132891)