

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 1, 2015

Mr. Stephen Bateman
DOT Compliance Primary Manager
City of Long Beach Gas & Oil
2400 East Spring Street
Long Beach, CA 90806-2285

CPF 5-2015-0009M

Dear Mr. Bateman:

PHMSA conducted an internal audit of its past regulatory inspections and noted that this previously prepared enforcement letter from a 2012 audit of your pipeline facilities was not issued. While we apologize for the tardiness of this letter, PHMSA must still ensure any past regulatory violations have been addressed.

From April 9-12 of 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Long Beach Gas and Oil (LBGO) procedures and records for Distribution Integrity Management Program (DIMP), as of 2012, in your Long Beach, CA offices.

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

1. §192.1007 What are the required elements of an integrity management plan?

A written integrity management plan must contain procedures for developing and implementing the following elements:

(a) Knowledge. An operator must demonstrate an understanding of its gas

distribution system developed from reasonably available information.

(1) Identify the characteristics of the pipeline's design and operations and the environmental factors that are necessary to assess the applicable threats and risks to its gas distribution pipeline.

(2) Consider the information gained from past design, operations, and maintenance.

(3) Identify additional information needed and provide a plan for gaining that information over time through normal activities conducted on the pipeline (for example, design, construction, operations or maintenance activities).

(4) Develop and implement a process by which the IM program will be reviewed periodically and refined and improved as needed.

(5) Provide for the capture and retention of data on any new pipeline installed. The data must include, at a minimum, the location where the new pipeline is installed and the material of which it is constructed.

LBGO's DIMP did not provide sufficient procedural specificity to describe how the identified data sources were used to develop and are to be used for implementation for the gathering of information and knowledge of its gas distribution system.

LBGO's DIMP did not provide sufficient procedural specificity for identifying, listing, and collecting (as appropriate) additional data and information that is needed to fill gaps in knowledge and information due to missing, inaccurate, or incomplete records. If LBGO has determined there are no information gaps, the DIMP is required to clearly state this determination.

2. §192.1007 What are the required elements of an integrity management plan?

A written integrity management plan must contain procedures for developing and implementing the following elements:

(c) Evaluate and rank risk. An operator must evaluate the risks associated with its distribution pipeline. In this evaluation, the operator must determine the relative importance of each threat and estimate and rank the risks posed to its pipeline. This evaluation must consider each applicable current and potential threat, the likelihood of failure associated with each threat, and the potential consequences of such a failure. An operator may subdivide its pipeline into regions with similar characteristics (e.g., contiguous areas within a distribution pipeline consisting of mains, services and other appurtenances; areas with common materials or environmental factors), and for which similar actions likely would be effective in reducing risk.

LBGO's DIMP did not adequately account for the evaluation and ranking of risks that are typically associated with pipeline installations installed prior to the 1950's. While LBGO's DIMP identifies, discusses, and analyzes the threats and the higher leak rates associated with pre-1950's pipeline (e.g., Table 8, Section 4.2.13, Section 4.2.5.3, Section 5.2), the relative importance of this combination of threats (or system vulnerability) is not determined and estimated, and the risks posed to the pipeline system is not ranked against other threats.

The threat of “Failure to follow Procedure” discussed in LBGO’s DIMP Section 4.2.5.4 is not adequately accounted for in the evaluation and ranking of risks and this threat must be evaluated and ranked. Our inspectors believe the various threats, e.g., employee’s failure to follow procedures due to any number issues, that are combined in the threat of “Failure to follow Procedure” as low probability / high consequence risks that must be accounted for and analyzed.

3. §192.1007 What are the required elements of an integrity management plan?

A written integrity management plan must contain procedures for developing and implementing the following elements:

(d) Identify and implement measures to address risks. Determine and implement measures designed to reduce the risks from failure of its gas distribution pipeline. These measures must include an effective leak management program (unless all leaks are repaired when found).

LBGO’s DIMP did not adequately address the risk posed to the integrity of their pipelines system by the threat of the “Age of Infrastructure”. This threat is not adequately evaluated and ranked in the LBGO DIMP (see Item 2); LBGO has failed to identify measures to address risks for implementation. LBGO did not identify measures to reduce risk posed by this threat that adequately account for the low probability / low consequence risks posed by existing threats from pre-1950’s pipeline installations.

4. §192.1007 What are the required elements of an integrity management plan?

A written integrity management plan must contain procedures for developing and implementing the following elements:

(e) Measure performance, monitor results, and evaluate effectiveness.

(1) Develop and monitor performance measures from an established baseline to evaluate the effectiveness of its IM program. An operator must consider the results of its performance monitoring in periodically re-evaluating the threats and risks. These performance measures must include the following:

(i) Number of hazardous leaks either eliminated or repaired as required by §192.703(c) of this subchapter (or total number of leaks if all leaks are repaired when found), categorized by cause;

(ii) Number of excavation damages;

(iii) Number of excavation tickets (receipt of information by the underground facility operator from the notification center);

(iv) Total number of leaks either eliminated or repaired, categorized by cause;

(v) Number of hazardous leaks either eliminated or repaired as required by §192.703(c) (or total number of leaks if all leaks are repaired when found), categorized by material; and

(vi) Any additional measures the operator determines are needed to evaluate the effectiveness of the operator's IM program in controlling each identified threat.

LBGO's DIMP lacked procedural specificity for collecting information for performance measures for leak eliminated or repaired categorized by material (§192.1007(e)(1)(v)) as well as those performance measures used to track the effectiveness of measures implemented to reduce risk (§192.1007(e)(1)(vi)).

5. **§192.1007 What are the required elements of an integrity management plan?**

A written integrity management plan must contain procedures for developing and implementing the following elements:

(f) Periodic Evaluation and Improvement. An operator must re-evaluate threats and risks on its entire pipe-line and consider the relevance of threats in one location to other areas. Each operator must determine the appropriate period for conducting complete program evaluations based on the complexity of its system and changes in factors affecting the risk of failure. An operator must conduct a complete program re-evaluation at least every five years. The operator must consider the results of the performance monitoring in these evaluations.

LBGO's DIMP lacked procedural specificity to detail how LBGO conducts a periodic evaluation. The delineation between the annual review and periodic evaluation (not to exceed 5 years) is not clear in the DIMP. These tasks appear to either need to be merged together (until the time a periodic evaluation is conducted on a longer interval) or the steps and actions to perform a periodic evaluation must be clearly described in the required procedural format.

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 Long Beach Gas and Oil 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 5-2015-0009M** and, for each document you submit, please provide a copy in electronic format whenever possible.

PHMSA does apologize for any inconvenience or confusion that this delayed enforcement let might cause. If there are any questions concerning this letter, please do not hesitate to contact me at (720) 963-3160. Thank you for your cooperation in this matter.

Sincerely,

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

cc: PHP-60 Compliance Registry
PHP-500 H. Monfared (#139063)

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