



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Avenue SE
Washington DC 20590

JUN 19 2019

Honorable Yvette Woodruff-Perez
Mayor
City of Vernon
4305 Santa Fe Ave.
Vernon, CA 90058

Re: CPF No. 5-2018-0007

Dear Ms. Woodruff-Perez:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and finds that the City of Vernon Public Utilities Department must complete the actions specified in the Notice to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,


Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Ms. Kelly Nguyen, General Manager, City of Vernon Public Utilities Department

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

¹ See <http://www.cityofvernon.org/departments/public-utilities> (Current as of March 11, 2019).

§ 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) ...

(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.

The Notice alleged that Respondent violated 49 C.F.R. § 192.1007(c) by failing to develop and implement procedures to evaluate the risks associated with its distribution pipeline. Specifically, the Notice alleged that Vernon did not have a threat evaluation and risk-ranking model in its Distribution Integrity Management Plan (DIMP). Although Vernon used an online tool known as the “Simple Handy Risk-Based Integrity Management Plan” (SHRIMP) to develop its DIMP, Respondent lacked the data required for SHRIMP to make a meaningful evaluation of risk. Respondent failed to recognize that in the absence of meaningful data, further action was required to create and implement a meaningful evaluation and risk ranking model.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.1007(c) by failing to evaluate the risks associated with its distribution pipeline.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.1007(b), which states:

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

(a) ...

(b) *Identify threats.* The operator must consider the following categories of threats to each gas distribution pipeline: corrosion, natural forces, excavation damage, other outside force damage, material or welds, equipment failure, incorrect operations, and other concerns that could threaten the integrity of its pipeline. An operator must consider reasonably available information to identify existing and potential threats. Sources of data may include, but are not limited to, incident and leak history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, and excavation damage experience.

The Notice alleged that Respondent violated 49 C.F.R. § 192.1007(b) by failing to consider and

identify corrosion and other threats to its gas distribution pipeline. Specifically, the Notice alleged that although Vernon's gas distribution system contains several steel service risers and steel transition piping at the city gates, it failed to consider available information that might identify those as existing and potential corrosion threats and failed to consider external information to identify other threats to their gas distribution system.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.1007(b) by failing to consider and identify corrosion as a threat to its gas distribution system.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.1007(d), which states:

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

(a) ...

(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).

The Notice alleged that Respondent violated 49 C.F.R. § 192.1007(d) by failing to determine and implement measures designed to reduce the risks from failure of its gas distribution pipeline. Specifically, the Notice alleged that Respondent only relied on SHRIMP to identify risks to its system and failed to consider its unique system to determine and implement measures designed to reduce failure risks based on identified threats.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.1007(d) by failing to identify and implement measures designed to reduce the risks from failure of its gas distribution pipeline.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.1007(e), which states:

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

(a) ...

(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.

The Notice alleged that Respondent violated 49 C.F.R. § 192.1007(e) by failing to develop and monitor performance measures from an established baseline to evaluate the effectiveness of its DIMP. Specifically, Vernon failed to consider the results of its performance monitoring in periodically re-evaluating the threats and risk by failing to keep track of the number of excavation tickets.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.1007(e) by failing to develop and monitor performance measures from an established baseline to evaluate the effectiveness of its DIMP.

Item 9: The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d), which states:

§ 192.465 External corrosion control: Monitoring.

(a) ...

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d) by failing to take prompt remedial action to correct deficiencies indicated by monitoring of external corrosion control. In response to corrosion inspection and monitoring reports for 2014, 2015 and 2016 that listed four isolated steel risers as having deficient cathodic protection pipe-to-soil readings of greater than -850mV, Respondent failed to take prompt remedial action.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.465(d) by failing to take prompt remedial action in response to corrosion reports.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, 3, 4 and 9 in the Notice for violations of 49 C.F.R. §§ 192.1007(c), (b), (d), (e), and 192.465, respectively. Under 49 U.S.C.

§ 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 192.1007(c) (**Item 1**), Respondent must develop and implement a process to evaluate system threats and rank the risk each threat poses. This process must be separate from the "Simple Handy Risk-Based Integrity Management Plan" (SHRIMP) software.
2. With respect to the violation of § 192.1007(b) (**Item 2**), Respondent must amend its DIMP to identify corrosion as a threat and include a process to identify and use external information to assist in identifying threats to the Vernon distribution system.
3. With respect to the violation of § 192.1007(d) (**Item 3**), Respondent must identify and implement measures designed to reduce the risk of failure on its gas distribution pipeline.
4. With respect to the violation of § 192.1007(e) (**Item 4**), Respondent must develop and implement a process or processes requiring: 1) the development of meaningful DIMP performance measures; 2) the collection and analysis of data (including the number of excavation tickets and other appropriate data) to support the selected performance measures; and 3) an annual review and effectiveness evaluation of the DIMP and performance measures.
5. With respect to the violation of § 192.465(d) (**Item 9**), Respondent must install appropriate cathodic protection on the isolated steel risers, replace the steel risers with anodeless risers, or abandon the isolated steel risers.
6. Vernon must complete the remedial requirements of this Compliance Order within 180 days after receipt of this Final Order and submit documentation to the Director that the remedial requirements have been completed within 210 days of receipt of this Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested (not mandated) that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for

each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 5, 6, 7 and 8, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered warning items. The warnings were for:

49 C.F.R. § 192.1007(f) **(Item 5)** — Respondent's alleged failure to re-evaluate threats and risks on its entire pipeline and consider the relevance of threats in one location to other areas at least every five years;

49 C.F.R. § 192.605(a) **(Item 6)** — Respondent's alleged failure to review and update its procedural manual during calendar years 2012, 2013, 2015, and 2016;

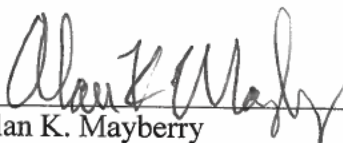
49 C.F.R. § 192.616(i) **(Item 7)** — Respondent's alleged failure to produce records to document the annual program audit of its Public Awareness Program (PAP); and

49 C.F.R. § 192.616(c) **(Item 8)** — Respondent's alleged failure to perform the Program Effectiveness Evaluation in accordance with API RP 1162 (incorporated by reference, *see* § 192.7).

If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

JUN 19 2019

Date Issued