



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave., S.E.
Washington, DC 20590

SEP 13 2007

Mr. Steven L. Zelkowitz, President
KeySpan LNG, LP
121 Terminal Road
Providence, RI 02905

Re: CPF No.: 1-2006-3004

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation, specifies actions to be taken to comply with the pipeline safety regulations, and assesses a civil penalty. I acknowledge receipt of and accept your wire transfer for \$108,000 as payment in full of the civil penalty assessed in the Final Order. Because further actions are required with respect to the compliance terms contained in the Final Order, this case remains open. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Byron Coy, Director, Eastern Region, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590**

In the Matter of)

KeySpan LNG, LP,)

Respondent)
_____)

CPF No. 1-2006-3004

FINAL ORDER

On August 16, 2006, in accordance with 49 C.F.R. § 190.207, the Director, Eastern Region, Pipeline and Hazardous Materials Administration, Office of Pipeline Safety (PHMSA),¹ issued a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice) to KeySpan LNG, LP (Respondent or KeySpan). The Notice proposed finding that Respondent had violated 49 C.F.R. §§ 193.2619, 193.2621, 193.2713, and 193.2511, and proposed assessing a civil penalty of \$108,000 for the alleged violations. The Notice also proposed that Respondent take certain measures to correct the alleged violations. Respondent responded to the Notice by letter dated September 8, 2006, but did not contest the allegations, the amount of the proposed civil penalty, or the proposed compliance order. Respondent also provided information concerning the corrective actions it had taken and enclosed payment in full of the proposed civil penalty. Respondent wire transferred said penalty amount (\$108,000) on September 15, 2006, waiving further right to respond and authorizing the entry of this Final Order.

FINDINGS OF VIOLATIONS

Pursuant to 49 C.F.R. § 190.213 and 49 U.S.C. § 60122, I find that Respondent violated the following sections of 49 C.F.R. Part 193, as more fully described in the Notice:

¹ Effective February 20, 2005, PHMSA succeeded the Research and Special Programs Administration as the agency responsible for regulating safety in pipeline transportation and hazardous materials transportation. See, section 108 of the Norman Y. Mineta Research and Special Programs Improvement Act (Public law 108-426, 118 Stat. 2423-2429 (November 30, 2004)). See also, 70 Fed.Reg. 8299 (February 18, 2005) re delegating the pipeline safety authorities and functions to the PHMSA administrator.

Item 1. The Notice alleged that Respondent violated 49 C.F.R. § 193.2619(c), which states:

§ 193.2619. Control systems.

(a)

(c) Control systems in service, but not normally in operation, such as relief valves and automatic shutdown devices, and control systems for internal shutoff valves for bottom penetration tanks must be inspected and tested once each calendar year, not exceeding 15 months.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2619(c) by failing to inspect and test certain control systems in service, but not normally in operation, once each calendar year, but at intervals not to exceed 15 months. Six relief valves (SV-C1-01, SV-C1-02, SV-C1-03, SV-C2-01, SV-C2-02, and SV-C2-03) in the region of the boil-off gas compressors were not inspected and tested in 2003.

Item 2. The Notice alleged that Respondent violated 49 C.F.R. § 193.2619(d), which states:

§ 193.2619. Control systems.

(a)

(d) Control systems that are normally in operation, such as required by a base load system, must be inspected and tested once each calendar year but with intervals not exceeding 15 months.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2619(d) by failing to inspect and test certain control systems that are normally in operation, once each calendar year but at intervals not to exceed 15 months. Twenty-nine of Respondent's control systems were not inspected and tested within the required 15-month interval.

Item 3. The Notice alleged that Respondent violated 49 C.F.R. § 193.2621(a), which states:

§ 193.2621. Testing transfer hoses.

Hoses used in LNG or flammable refrigerant transfer systems must be:

(a) Tested once each calendar year, but with intervals not exceeding 15 months, to the maximum pump pressure or relief valve setting.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2621(a) by failing to test hoses used in Respondent's flammable refrigerant transfer systems once each calendar year, but with intervals not to exceed 15 months. Testing of the Chicksan and vapor return lines at Respondent's truck loading station was not conducted within the required 15-month interval.

Item 4. The Notice alleged that Respondent violated 49 C.F.R. § 193.2713(b), which states:

§ 193.2713. Training: operations and maintenance.

- (a)
- (b) A written plan of continuing instruction must be conducted at intervals of not more than two years to keep all personnel current on the knowledge and skills they gained in the program of initial instruction.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2713(b) by failing to conduct continuing instruction of its personnel at intervals not to exceed two years. KeySpan failed to train one individual within the required two-year interval regarding first-aid training.

Item 5. The Notice alleged that Respondent violated 49 C.F.R. § 193.2511(c), which states:

§ 193.2511. Personnel safety.

- (a)
- (c) Each LNG plant must be equipped with suitable first-aid material, the location of which is clearly marked and readily available to personnel.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2511(c) by failing to equip its LNG plant with suitable first-aid material. The eyewash in two first-aid kits had exceeded their 2005 expiration dates.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent. Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$108,000, which amount has already been paid by Respondent.

COMPLIANCE ORDER

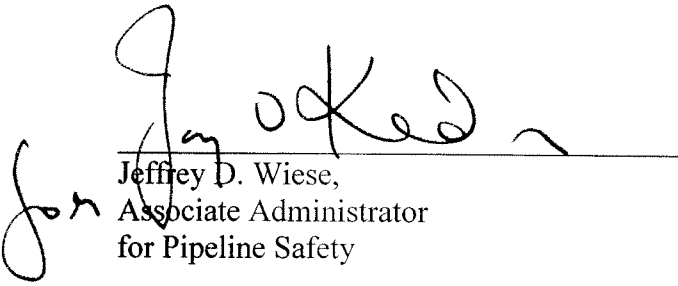
The Notice proposed a compliance order with respect to Items 1, 2, 3, 4, and 5 for various violations of Part 193.

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. I therefore order that Respondent take the following corrective measures:

1. In regard to Items 1, 2, 3, 4, and 5 of the Notice, KeySpan shall prepare and implement an audit program whose purpose is to ensure that accurate, timely records are prepared for compliance activities, and that these activities are conducted within the timeframes and schedules specified in the pipeline safety regulations. At a minimum, the written audit program procedures must (1) require continuous review of all compliance activity records, (2) assign responsibility for conducting these reviews, (3) identify the corrective actions KeySpan will implement when audit results indicate that Respondent's records reflect insufficient proof that activities have been performed, that activities were not performed, or that they were performed late.
2. Within 60 days following receipt of the Final Order, KeySpan shall provide the written audit program procedures required in Item 1 to the Director, Eastern Region, PHMSA.
3. KeySpan shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director, Eastern Region, PHMSA. The total cost associated with preparation of the audit program shall be reported.

The terms and conditions of this Final Order are effective on receipt.



Jeffrey D. Wiese,
Associate Administrator
for Pipeline Safety

SEP 13 2007

Date Issued