

Mr. W.D. Stevens
Vice President of Operations
Colorado Interstate Gas Company
P.O. Box 1087
Colorado Springs, Colorado 80944

Re: CPF No. 54013

Dear Mr. Stevens:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It withdraws an allegation of violation, makes findings of violation and assesses a civil penalty of \$34,500. The penalty payment terms are set forth in the Final Order. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
WASHINGTON, DC

_____))
In the Matter of))
Colorado Interstate Gas Company.) CPF No. 54013
Respondent.))
_____)

FINAL ORDER

During the week of March 14, 1994, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records in the Aurora and Colorado Springs, Colorado areas. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated May 25, 1994, a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. §§ 192.465(a), 192.465(b) and 192.706(b)(1) and proposed a civil penalty of \$56,000 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 July 1, 1994 (Response). Respondent contested some of the allegations and submitted information to support its position. Respondent did not request a hearing and therefore, waived its right to one.

FINDINGS OF VIOLATION

Item 1 in the Notice alleged that Respondent violated 49 C.F.R. § 192.465(a), which requires that each pipeline under cathodic protection be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. The

Notice alleged that cathodic protection test stations had not been installed at cased crossings on Respondent's pipeline; rather, if an existing test station was located within 500 feet of the casing, Respondent relied on the readings at these test stations to indicate any problem with casing shorts. The Notice alleged that Respondent had not performed empirical testing to demonstrate that this practice satisfied the requirements of § 192.463.

Respondent argued that its practice of reading pipe-to-soil potentials utilizing test stations up to 500 feet away from cased crossings meets the requirements of § 192.463. Respondent maintained that § 192.463 does not specify the number or location of test stations required, only that a minimum level of cathodic protection be maintained based on certain criteria and that § 192.469 only requires that a pipeline have sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection. Respondent explained that it installs test stations at minimum intervals of one mile where practical and additional test stations at locations where cathodic protection can be compromised. In those instances where a line is cased, Respondent said that it installs the test station near the location where the casing-to-soil reading is taken, except in a few cases where a separation exists between the casing and pipeline test stations. Respondent submitted documentation showing that it had tested at these locations and that the cathodic protection was adequate.

Because Respondent has demonstrated that its cathodic protection practice at the cased crossings satisfies the regulatory requirements, this allegation of violation is withdrawn.

Item 2 alleged that Respondent violated 49 C.F.R. § 192.465(b), which requires that an operator inspect each cathodic protection rectifier or other impressed current source six times each calendar year, but with intervals not exceeding 2½ months, to ensure that it is operating. The Notice alleged that during 1992 and 1993 Respondent exceeded the 2½ month interval for 34 of its rectifier inspections. Specifically, Respondent had exceeded the interval by 1-10 days at 20 rectifiers, by 11-20 days at 6 rectifiers, and by more than 20 days at 8 rectifiers.

Respondent submitted documents demonstrating that it had inspected 18 of the cited rectifiers within the required intervals. Respondent was able to provide records of the inspections or to demonstrate that its air patrol pilots had performed the inspections by checking the rectifiers' visual lights. Respondent agreed that inspections at 9 of the cited rectifiers were late, but explained that the inspections had been delayed because of hazardous weather conditions. To address this problem, Respondent said that it was going to install remote monitoring equipment at sites that have been inaccessible because of inclement weather.

Accordingly, I find that Respondent inspected 18 of the cited rectifiers within the specified intervals. I further find that Respondent violated 49 C.F.R. § 192.465(b) by not having inspected the remaining cited rectifiers within the required intervals.

Item 4 alleged that in 1993 Respondent exceeded the specified interval (delays ranging from 21-57 days) for 14 of its class 3 locations in the Aurora area, in violation of 49 C.F.R. § 192.706(b)(1). This regulation requires that in class 3 areas leak surveys using leak detection equipment be conducted at intervals not exceeding 7½ months, but at least twice each calendar year.

Respondent did not contest this allegation. Accordingly, I find that Respondent violated 49 C.F.R. §192.706(b)(1).

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

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$25,000 per violation for each day of the violation up to a maximum of \$500,000 for any related series of violations. The Notice proposed a total civil penalty of \$56,000 for items 2 and 4 (49 C.F.R. §§ 192.465(b) and 192.706(b)(1)).

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the

violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

The violations concerned Respondent's exceeding the required intervals for inspecting its cathodic protection rectifiers and conducting leak surveys in class 3 areas. Conducting the required inspections or procedures at the specified intervals helps to ensure that deficiencies or problems are swiftly detected and remedied before they compromise the integrity of the pipeline and endanger public safety.

However, the penalty will be reduced to reflect that Respondent had inspected 18 of the cited rectifiers within the required intervals, and that inspection of several others was delayed solely because of inclement weather conditions.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$34,500.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this **payment be made by wire transfer**, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. **Detailed instructions are contained in the enclosure.** After completing the wire transfer, send a copy of the **electronic funds transfer receipt** to the **Office of the Chief Counsel** (DCC-1), Research and Special Programs Administration, Room 8407, U.S. Department of Transportation, 400 Seventh Street, SW, Washington, D.C. 20590-0001.

Questions concerning wire transfers should be directed to: **Valeria Dungee**, Federal Aviation Administration, Mike Monroney Aeronautical Center, Financial Operations Division (AMZ-320), P.O. Box 25770, Oklahoma City, OK 73125; **(405) 954-4719**.

Failure to pay the \$34,500 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 4 C.F.R. § 102.13 and 49 C.F.R. § 89.23.

Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in an United States District Court.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1. As previously discussed, this allegation of violation was withdrawn because Respondent demonstrated that its corrosion control monitoring practice satisfied the pipeline safety regulations. No further action is needed with respect to a compliance order.

WARNING ITEM

The Notice did not propose any penalty with respect to Item 3 but warned Respondent that to comply with 49 C.F.R. §192.615(c), it should conduct annual face-to-face meetings with each entity listed in its Emergency Manual that would be notified in an emergency. Respondent is advised that since the Notice was issued, OPS has decided to allow other forms of maintaining liaison with public emergency response officials.

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. All other terms of the order, including any required corrective action, shall remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon receipt.

Richard B. Felder
Associate Administrator for
Pipeline Safety

Date: 05/09/1997