



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

MAR 29 2005

Mr. Richard Keyser
Vice President - Engineering and Technical Services
Trunkline Gas Company
5444 Westheimer Road
Houston, TX 77056

Re: CPF No. 4-2004-1001

Dear Mr. Keyser:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$36,500. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon payment. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Rod Seeley, Region Director
Southwest Region, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)
Trunkline Gas Company,)
)
Respondent.)
_____)

CPF No. 4-2004-1001

FINAL ORDER

Between July 21 and September 12, 2003, 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 pertaining to Premont, Victoria, Cypress, Kountze, Longville, Pollock, Epps, Patterson, Kaplan, and Houma Offshore Sub Area pipeline systems. As a result of the inspection, the Director, Southwest Region, OPS, issued to Respondent, by letter dated January 20, 2004, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$36,500 for the alleged violations.

Respondent responded to the Notice by letter dated February 19, 2004 (Response). Respondent offered explanations regarding the merits of the allegations, and requested that the proposed civil penalty be reduced or eliminated. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

Item 1 in the Notice alleged that Respondent violated 49 C.F.R. § 192.465 by failing to demonstrate that required cathodic protection (pipe-to-soil) testing was conducted at certain locations on Lines 100-2 and 100-3 in 2001 and on Lines 66B-100 and 66B-200 in 2002. In its Response, Respondent acknowledged that pipe-to-soil tests were not conducted at the test points specified in the Notice during the relevant time frame. Accordingly, I find that Respondent violated § 192.465 by failing to demonstrate that cathodic protection testing was conducted at the specified locations as more fully described in the Notice.

Item 2 in the Notice alleged that Respondent violated 49 C.F.R. § 192.745 by failing to demonstrate that required inspections were conducted on certain transmission line valves located at the Patterson Sub Area and Paterson Compressor Station in 2001, and at the Centerville and Kaplan Sub Areas in 2000-2002. In its Response, Respondent acknowledged that the specified valves were inspected

“later than the due date.” Accordingly, I find that Respondent violated § 192.745 by failing to demonstrate that inspections were conducted on the specified transmission line valves as more fully described in the Notice.

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 \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

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.

With respect to Item 1, the Notice proposed a civil penalty of \$5,500 for Respondent's failure to demonstrate that cathodic protection testing was conducted at certain locations on Lines 100-2 and 100-3 in 2001 and on Lines 66B-100 and 66B-200 in 2002. Section 192.465 requires pipeline operators to test their cathodically protected pipelines at least once each calendar year, but at intervals not exceeding 15 months, to determine whether or not the cathodic protection meets applicable requirements.

In its Response, Respondent acknowledged that the pipe-to-soil tests were not conducted at the test points specified in the Notice during the relevant time frames, but explained that the test points were inaccessible due to “adverse” conditions although Respondent did not describe the conditions. Respondent also stated that the specified test points were monitored in prior and subsequent periods, and that it believed the cathodic protection level was not compromised and the safety of its pipeline was not affected by the omission of these tests. Respondent further explained that a combination of technician retirements and a supervisor being on long-term disability may have contributed to its failure to ensure that all required cathodic protection testing was timely conducted in the relevant area.

Adequate cathodic protection is an essential part of controlling corrosion on buried pipelines. In order to ensure the adequacy of the cathodic protection, periodic testing must be performed on a timely basis. While the regulations provide a limited degree of flexibility mainly to account for poor weather conditions, in this case the absence of test readings was not followed-up on within a matter of weeks, but rather, for the majority of the specified test stations there was a gap of approximately 28 months between readings. Respondent has not submitted information that would warrant a reduction in the civil penalty amount proposed in the Notice for this violation. Accordingly, I assess

Respondent a civil penalty of \$5,500 for the above described violation of 49 C.F.R. § 192.465.

With respect to Item 2, the Notice proposed a civil penalty of \$31,000 for Respondent's failure to demonstrate that required inspections were timely conducted on 75 valves located at the Patterson Sub Area and Paterson Compressor Station in 2001 (the Patterson Valves), and on 3 valves located at the Centerville Sub Area and the Kaplan Sub Area in 2000-2002 (the Centerville & Kaplan Valves). Section 192.745 requires pipeline operators to inspect and partially operate each transmission line valve that might be required during an emergency at intervals not exceeding 15 months, but at least once each calendar year.

In its Response, Respondent acknowledged that the Patterson Valves were inspected later than the due date, but explained that a supervisory change resulted in the valves being inspected later than the due date but still within 15 months of the previous inspection and again 10 months later. Respondent also stated that it has made company policy and personnel changes designed to ensure that periodic maintenance is timely performed on all line valves in the area. Respondent further explained that although it did not have records demonstrating that the Centerville & Kaplan Valves were timely inspected, the fact that these valves were in close proximity to other valves that it did have inspection records for, along with the recollections of its personnel, gave it reason to believe that inspections actually did occur but were not recorded. Respondent also stated that it has now upgraded its automated compliance tracking system.

Properly functioning transmission line valves are essential to the safe operation of a pipeline system because these valves can be critical during an emergency. In order to ensure that these valves are properly maintained, they must be periodically inspected and partially operated on a timely basis. While Respondent did undertake corrective measures by making company policy and personnel changes and upgrading its compliance tracking system, these measures were undertaken only after the OPS inspection and in response to this enforcement action. Respondent has not submitted information that would warrant a reduction in the civil penalty amount proposed in the Notice for this violation. Accordingly, I assess Respondent a civil penalty of \$31,000 for the above described violation of 49 C.F.R. § 192.745.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$36,500.

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. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$36,500 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 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 a United States District Court.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. Should Respondent elect to do so, 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 a petition automatically stays the payment of any civil penalty assessed. However, if Respondent submits payment for the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived. The terms and conditions of this Final Order are effective on receipt.



for
Stacey Gerard
Associate Administrator
for Pipeline Safety

MAR 29 2005

Date Issued