



U.S. Department  
of Transportation

**Research and  
Special Programs  
Administration**

400 Seventh St. S.W.  
Washington D.C. 20590

**DEC 31 2003**

Mr. William Scott  
Vice President, Operations  
Colonial Pipeline Company  
1185 Sanctuary Parkway, Suite 100  
Alpharetta, GA 30009-4738

Re: CPF No. 28501

Dear Mr. Scott:

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 \$45,000. 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

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

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

In the Matter of

Colonial Pipeline Co.,

Respondent

CPF No. 28501

**FINAL ORDER**

Between March and September, 1997, pursuant to 49 U.S.C. § 60117, representatives of the Southern, Southwest, and Eastern Regions, Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records from Pasadena, Texas, to Linden, New Jersey. As a result of the inspection, the Director, Southern Region, OPS, issued to Respondent, by letter dated January 15, 1998, 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 195 and proposed assessing a civil penalty of \$45,000 for the alleged violations. The Notice also warned Respondent to take appropriate corrective action.

Respondent responded to the Notice by letter dated March 23, 1998 (Response). Respondent contested one of the alleged violations, offered information in explanation of the allegations, provided information concerning the corrective actions it has taken, and requested a hearing. The hearing was held on May 28, 1998 in Atlanta, Georgia.

**FINDINGS OF VIOLATION**

*Uncontested Items.* Respondent did not contest the violations alleged in Items 1, 8, and 12 of the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.401(b) – failing to correct within a reasonable time the potentially unsafe condition caused by the isolation of thermal relief valves from pipelines at several station locations;

49 C.F.R. § 195.406(b) – failing to include in its System Operating Pressure Manual the proper set points for thermal and operating relief valves. Respondent also failed to set several relief valves at their correct set points according to the manual; and

49 C.F.R. § 195.420(b) – failing to perform functioning tests on a number of mainline valves at least twice each calendar year, with intervals not exceeding 7 ½ months.

*Contested Item.* Item 2 of the Notice alleged that Respondent violated 49 C.F.R. § 195.402(a) by failing to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. Specifically, the Notice alleged that Respondent violated § 195.402(a) by:

- a. failing to have appropriate parts of its Operations and Maintenance manuals at several station locations;
- b. failing to have the most recent versions of equipment maintenance manuals, such as the Tank Maintenance Manual and equipment Preventative Maintenance Manuals, at several facilities in the Gulf Coast District;
- c. failing to update its Systems Operating Pressure Limits manual to include a change in manifold pressure limit that occurred at the Opelousas Delivery Facility;
- d. failing to prepare adequate written procedures for inspecting and testing relief valves. Respondent's procedures failed to require the documentation of relief valve set point changes and failed to require the verification of relief valve capacities. Respondent also failed to apply consistently the test referenced in its procedures;
- e. failing to establish procedures to demonstrate that no cathodic protection interference was occurring at locations where Respondent's pipeline right-of-way is shared with other pipeline operators using impressed current cathodic protection systems;
- f. failing to use the types of pressure switches required by Respondent's procedures and as agreed to under CPF No. 26503-H;
- g. failing to perform a number of maintenance activities required under Respondent's Critical Equipment Preventative Maintenance List and maintenance manual;
- h. failing to follow the lockout/tagout procedures required by its Operations and Maintenance manual at several locations;
- i. failing to prepare Daily Work Permits, and to properly document all work activities required by Respondent's Accident Prevention Manual; and
- j. failing to report an inoperative rectifier to the District Corrosion Specialist as required under Respondent's corrosion control procedures.

In its Response and at the hearing, Respondent did not contest Items 2(a)-(d) and (f)-(j) of the Notice. Respondent offered information in explanation of the allegations and provided information concerning the corrective actions it has taken.

With respect to Item 2(e), Respondent argued that the item should be withdrawn, because no regulation requires Respondent to have procedures “related to foreign pipelines.” Respondent further argued that its practice of annual cathodic protection surveys, internal inspections, and close-interval surveys addressed any potential issues with respect to foreign pipelines. Respondent asserted that these measures were adequate to comply with § 195.402(a).

Section 195.402 requires Respondent to prepare and follow written procedures for operating and maintaining its pipeline system in accordance with cathodic protection safety regulations.<sup>1</sup> Under former §§ 195.414 and 195.416, where cathodic protection is required to control external corrosion of buried pipeline, proper operation and maintenance require Respondent to determine the adequacy of the cathodic protection system. Interference currents are known to be capable of compromising the adequacy of cathodic protection. For this reason, proper testing must consider and evaluate the potential for such interference and its effects. Accordingly, under § 195.402(a), Respondent must establish procedures to determine whether a potential source of interference is compromising Respondent’s cathodic protection. This obligation exists regardless of whether the source of the interference is foreign pipeline or some other cause.

Although §§ 195.415 and 195.416 have been replaced with more explicit language concerning interference currents under § 195.577, this does not eliminate Respondent’s responsibility to identify and address potential sources of interference. Respondent asserted that it determined the adequacy of its cathodic protection. However, Respondent did not assert that its procedures addressed the potential for interference. Nothing in the record or testimony demonstrates that Respondent’s procedures addressed the potential for cathodic protection interference, particularly at locations where Respondent’s right-of-way is shared with other operators using impressed current cathodic protection systems.

Accordingly, I find that Respondent violated § 195.402(a) as alleged.

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. The Notice proposed a total civil penalty of \$45,000 for the violations.

<sup>1</sup> Cathodic protection safety regulations previously found in subpart F (§§ 195.400–195.442) can now be found in subpart H (§§ 195.551–195.589) of Part 195.

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.

Item 1 of the Notice proposed a civil penalty of \$5,000 for the violation of § 195.401(b). In response to the Notice, Respondent indicated that it ordered new relief valves for stations where appropriate and issued more instructions to personnel. Respondent did not request mitigation of the proposed civil penalty for this violation. I do not find that adjustment to the civil penalty is warranted. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000 for the violation of § 195.401(b).

Item 2 of the Notice proposed a civil penalty of \$5,000 for the violations of § 195.402(a). Respondent failed to prepare several procedures for the safe operation of its pipeline system, and in some instances, to follow existing procedures. Respondent has demonstrated an effort to remedy the violations by clarifying and updating its written procedures; and it has taken measures to ensure that its procedures will be followed in the future. Respondent has also provided updated and complete manuals to the locations identified in the Notice. Given the number of instances of violation, I do not find that an adjustment to the civil penalty is warranted. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000 for its violations of § 195.402(a).

Item 8 of the Notice proposed a civil penalty of \$25,000 for the violation of § 195.406(b). Respondent failed to set several relief valves at their correct set points according to its System Operating Pressure Manual. In addition, Respondent failed to include in the manual the proper set points for other thermal and operating relief valves. Relief valves must be set to their proper set points to ensure the safety of the pipeline during surges and other variations from normal operating pressure. Failure to properly set a relief valve can result in an unsafe release during a surge. Respondent demonstrated that it has established correct set points for the thermal and operating relief valves identified in the Notice. I do not find that an adjustment in the civil penalty is warranted. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,000 for its violation of § 195.406(b).

Item 12 of the Notice proposed a civil penalty of \$10,000 for the violation of § 195.420(b). Respondent failed to perform tests on several mainline valves at the required intervals. In its Response, Respondent indicated that it would schedule the appropriate tests on the subject valves. Respondent also indicated that it had initiated a program to replace seals to reduce the potential for seal leaks when these valves are tested. I do not find that a reduction in the civil penalty is warranted. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$10,000 for its violation of § 195.420(b).

Having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$45,000. A determination has been made that Respondent has the ability to pay this penalty without adversely affecting its ability to continue in business.


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) 954-4719.

Failure to pay the \$45,000 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.

#### WARNING ITEMS

The Notice did not propose a civil penalty or corrective action for Items 3, 4, 5, 6, 7, 9, 10, 11 and 13 in the Notice; therefore, these are considered warning items. Respondent presented information in its response showing that it has addressed the cited items. Respondent is warned that if OPS find a violation for any of these items in a subsequent inspection, enforcement action will be taken.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a 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. 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.

  
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 Stacey Gerald  
 Associate Administrator  
 for Pipeline Safety

12/30/05  
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 Date Issued