



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety Administration**

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

SEP 20 2006

Mr. Reed Robinson
Vice President, Engineering Services
Columbia Gas Transmission Co.
1700 MacCorkle Avenue SE
P.O. Box 1273
Charleston, WV 25325-1273

Re: CPF No. 1-2005-1006

Dear Mr. Robinson:

Enclosed is the Final Order issued by the Acting Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$65,000, and specifies actions to be taken to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty is paid and the terms of the Compliance Order completed, as determined by the Director, Eastern Region, this enforcement action will be closed. 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: William H. Gute, Director, Eastern Region, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)

Granite State Gas)
Transmission Inc. and)
Columbia Gas Transmission Inc.,)

Respondents)
_____)

CPF No. 1-2005-1006

FINAL ORDER

On June 21 - 24, 2004, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA)¹, Office of Pipeline Safety conducted an on-site pipeline safety inspection of Respondent's facilities and records in Maine, New Hampshire, and Massachusetts. As a result of the inspection, the Director, Eastern Region, PHMSA, issued to Respondent, by letter dated December 27, 2005, 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 committed violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$65,000 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct one of the alleged violations.

Respondent responded to the Notice by letter dated January 26, 2006 (Response). Respondent did not contest the allegations of violation. Respondent did not request a hearing, and therefore has waived its right to one.

FINDINGS OF VIOLATIONS

In its Response, Respondent did not contest the alleged violations in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 192, as more fully described in the Notice:

¹ Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) succeeded 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.

49 C.F.R. § 192.605(a) (Notice Item 2) - failing to follow written operation and maintenance (O&M) procedures. Respondent's O&M procedures required it to take prompt remedial action in response to any deficiencies discovered when monitoring its pipeline system. O&M procedures require that remedial action should be initiated within 15 months of discovery of the deficiency. A pipeline crossing test station (TS) # 79 had a low pipe to soil voltage reading and did not have adequate cathodic protection since 1999. Respondent also could not locate five test stations and therefore could not perform external corrosion control monitoring;

49 C.F.R. § 192.739 (Notice Item 3) - failing to inspect regulator stations within the 15 month time interval required by § 192.739. Respondents exceeded the 15 month interval for inspection at 5 sites.

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 regard to Item 2, the Notice proposed a civil penalty of \$60,000 for Respondent's failure to correct deficiencies in its cathodic protection system after detecting low pipe to soil voltage. Respondent was also unable to locate five test stations. A pipeline near TS # 79 did not have adequate cathodic protection since 1999. Respondent could not provide any documentation to show that it had initiated remedial maintenance work. TS # 113 had not been read since 1999. Respondent is responsible for the operation of these pipelines and should be aware of the code requirements. Inadequate pipe to soil readings can adversely affect the safe operation of the pipeline system. Without adequate cathodic protection, corrosion can occur which can lead to a failure in the line possibly resulting in grave public and environmental harm. The Respondent has provided no information to warrant a reduction, therefore I assess Respondent a civil penalty of \$60,000 for violating 49 C.F.R. § 192.605.

With regard to Item 3, the Notice proposed a civil penalty of \$5,000 for Respondent's failure to inspect regulator stations within the 15 month interval as required by the code. Five sites were identified where the inspection interval exceeded 15 months. Four of these five sites exceeded the 15 month interval by only a few days. The fifth site, Debbie, Ln., Elliot exceeded the 15 month interval by over seven months. The \$5,000 civil penalty for this violation has been

assessed due to Respondent's lapse in inspection at the Debbie, Ln., Elliot site. Inspection of pressure limiting or regulator stations is important to the safe operation of the pipeline. The Respondent has provided no information that would warrant a reduction in the civil penalty, therefore I assess the Respondent a civil penalty of \$5,000 for violating 49 C.F.R. § 192.739.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$65,000. 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-300), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$65,000 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.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 2 in the Notice for violating 49 C.F.R. § 192.605(a). 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. Respondent must -

1. Institute a means of documentation of its atmospheric corrosion monitoring as required by § 192.491(c) of the code. A copy of the written procedures must be submitted to the Eastern Region, PHMSA within 30 days of receipt of this Final Order.
2. Perform the required maintenance on the cathodic protection system to properly protect the pipeline and to verify the adequacy of the cathodic protection on those sites in Item 2 of the Notice. A report outlining the results of the maintenance work must be submitted to the Eastern Region, PHMSA within 90 days of receipt of this Final Order.

Respondent must submit all correspondence to the Regional Director, Eastern Region, PHMSA, 409 3rd Street, SW, Suite 300, Washington D.C. 20024.

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 demonstrating good cause for an extension.


Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$100,000 per violation per day the violation continues, or in the referral of the case for judicial enforcement.

WARNING ITEM

The Notice did not propose a civil penalty or corrective action for Item 1 in the Notice; therefore, this is to be considered a warning item. Respondent is warned that if it does not take appropriate action to correct this item, enforcement action will be taken if a subsequent inspection reveals a violation. The warning was for –

192.491(c) (Notice Item 1) – Respondent's failure to maintain records of inspection for atmospheric corrosion. Section 192.491(c) requires operators to keep for at least 5 years, records of inspections detailing the adequacy of corrosion control. Respondent did not have records prior to 2003 documenting any inspection of its pipelines at regulator stations for atmospheric corrosion. Respondent also did not have records to show that it had ever inspected the pipelines at its valve stations for atmospheric corrosion.

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, this 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.


Theodore L. Willke
Acting Associate Administrator
for Pipeline Safety

SEP 20 2006

Date Issued