



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

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

EXPRESS OVERNIGHT DELIVERY

May 21, 2012

William T. Kilpatrick
NiSource Gas Transmission & Storage
Vice President Operations
1700 MacCorkle Avenue, SE
Charleston, WV 25314

CPF 1-2012-1014

Dear Mr. Kilpatrick:

Between July 12, 2008, and August 12, 2010, representatives of the New York State Department of Public Service (NYS DPS), acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code, inspected Columbia Gas Transmission Corporation (CGT), which is a subsidiary of NiSource Gas Transmission & Storage, Millennium facilities, in Binghamton, New York, and at the Port Jervis Operating Center, New York.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- § 192.481 Atmospheric corrosion control: Monitoring.**
Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months

During the NYS DPS 2010 review of CGT's records, the frequency of inspection, for the inspection for evidence of atmospheric corrosion of asset 224360 (valve set mainline group – Route 202/Algonquin interconnect), exceeded the 39 month interval by 33 days. The inspection dates noted for the atmospheric corrosion inspection of asset 224360 are 02/13/2007 and 06/16/2010.

2. § 192.455 External corrosion control: Buried or submerged pipelines installed after July 31, 1971.

(a) Except as provided in paragraphs (b), (c), and (f) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:

(2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction.

During the NYS DPS 2010 review of CGT's records, CGT failed to have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction for the 30-inch Millennium (East) pipeline that was put into service in 2007 and 2008 as noted below.

The NYS DPS 2010 review of CGT DOT Compliance Report records indicated the following for the dates noted:

Segment	In Service Date	Record Date	Comment
Hancock to Tuxedo gate stations. (Approximately 67 miles)	12/22/2008	12/18-28/2009	CP system not fully installed on multiple test stations Pipe to soil readings below - 0.85 mV
Tuxedo to Sloatsburg (5.5 miles)	11/19/2007	12/28/2009	Pipe to soil readings below - 0.85 mV
		12/21/2009 – 01/15/2010	CP system not fully installed on multiple test stations
		02/10/2010	B1432835 – rectifier not yet installed
		04/07/2010 -	B1510400 – rectifier not yet installed
		06/10/2010	B1637337 – unit not yet installed – will read when installed
Sloatsburg to Ramapo (3.6 miles)	2/8/2008	12/21/2009 – 01/15/2010	CP system not fully installed on multiple test stations

3. § 192.171 Compressor stations: Additional safety equipment.

(d) Each compressor station gas engine that operates with pressure gas injection must be equipped so that stoppage of the engine automatically shuts off the fuel and vents the engine distribution manifold.

Three CGT gas compressor units at the Sparrowbush open air compressor station are not capable of automatically venting the compressor engine distribution manifold during a normal compressor engine shutdown.

During the NYS DPS field inspection of CGT facilities in August 2010, representatives of CGT Millennium East stated that three temporary compressor units installed in early 2009 along Line K at the Sparrowbush compressor station will automatically shut off the fuel to the compressor engines and vent the compressor unit engine distribution manifold only during an emergency shutdown of the compressor station.

At other times, the shut off of fuel to the compressor unit engines is a manual process that does not automatically vent the compressor engine distribution manifold. When a stop signal is received from this manually initiated process, the fuel is shut off to the compressor unit engines, and the compressor unit engine ignition system stays on for several seconds to allow the compressor unit engine to continue running to burn the remaining fuel in the engine itself. The distribution manifold is not vented.

4. § 192.303 Compliance with specifications or standards.

Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

CGT failed to follow its pipeline construction specification PLS-6.1.2 which states that “Bending procedures and equipment shall not cause damage to external and/or internal coatings. If, in the opinion of the Company representative, coating protection is required, padded bending dies for bending machines shall be furnished at no additional cost.”

The bending and handling technique used by CGT resulted in damaged pipe coating. CGT was installing a pipeline from Ramapo, NY, to Coming, NY, that includes 186 miles of 30 inch, X-70 pipe, coated with fusion bonded epoxy (FBE). In July 2008, NYS DPS representatives inspected the piping and noted that portions of the pipe coating were damaged. The NYS DPS took photos of coating damaged during the bending process at Dean Creek Road, Jay Rumsey Road; and, the coating was damaged due to pipe mishandling near Parker Road.

5. § 192.305 Inspection: General.

Each transmission line or main must be inspected to ensure that it is constructed in accordance with this part.

Pursuant to §192.319 (a) and §192.319 (b), CGT constructed a pipeline that was not inspected to ensure that it met the requirements for installation of pipe in a ditch.

In July 2008, the NYS DPS representatives observed conditions that indicated a lack of inspection for a CGT construction project that involved the installation of 186 miles of 30 inch, X-70 pipe, with fusion bonded epoxy (FBE) coating, installed from Ramapo, NY to Coming, NY.

In July 2008, NYS DPS representatives walked about a mile of pipe on Spread I, at station 10443 +30 that had been lowered into the ditch. The following issues were noted:

There was damaged pipe coating where the pipe appeared to have struck a piece of rock in the side of the ditch when the pipe was installed in the ditch. The NYS DPS inspector notified the operator about the damaged coating, and the pipe was lifted up and a pipe coating repair was made.

The pipe pads installed under the pipe in the ditch, to protect the pipe coating from damage, had moved from under the pipe to the side of the pipe in the ditch. NYS DPS representatives contacted CGT representatives and the padding was put back under the pipe.

On 7/18/2008, the CGT contractor was “jeeping” the pipe but there was no inspector for CGT on site during the “jeeping” operation.

On 7/18/2008, the CGT contractor was lowering / placing the pipe in the ditch, but there was no inspector for CGT on site to observe that operation. NYS DPS was told by the CGT Chief Inspector that a CGT inspector was on the construction site, but NYS DPS did not see any CGT inspector on site to observe the operation.

On 7/25/2008, the NYS DPS representatives were onsite to inspect Spread II. The following issues were noted:

The CGT contractor was lowering the pipe into the ditch, but there was no inspector for CGT on site to observe that operation.

The foam padding under the pipe had moved out of position, apparently from previous water in the ditch, and was not protecting the pipe coating. NYS DPS representatives contacted CGT representatives and the padding was put back under the pipe.

- 6. § 192.241 Inspection and test of welds.**
 - (a) Visual inspection of welding must be conducted by an individual qualified by appropriate training and experience to ensure that:**
 - (1) The welding is performed in accordance with the welding procedure; and**
 - (2) The weld is acceptable under paragraph (c) of this section.**

CGT did not perform a visual inspection of the welding done for two pipeline repairs. NYS DPS representatives were on site for the entire repair of the two welds listed below. There was no CGT welding inspector on site for any step in the weld repair process.

One weld repair done on July 12, 2008, for Spread I on Moss Hill, and one weld repair done on August 1, 2008, for Spread II weld number ARX-482, Station 14033+03.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$197,900 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$25,000
2	\$43,100
3	\$41,800
4	\$28,700
5	\$30,300
6	\$29,000

Proposed Compliance Order

With respect to item 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Columbia Gas Transmission Corporation (CGT). Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within **30** days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

Please submit all correspondence in this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to CPF 1-2012-1014 on each document you submit, and please whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Byron E. Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Cc: NY DPS Kevin Speicher

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Columbia Gas Transmission Corporation (CGT) a Compliance Order incorporating the following remedial requirements to ensure the compliance of CGT with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice, pertaining to CGT failing to have a cathodic protection system designed, installed and placed in operation to protect the CGT 30-inch Millennium (East) pipeline within one year after completion of construction, CGT must provide a cathodic protection system designed, installed and placed in full operation for the entire length of the 30-inch Millennium (East) pipeline. CGT will have **120** days after the receipt of the Final Order to complete this item.
2. It is requested (not mandated) that CGT maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron E. Coy, P.E., Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.