



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

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

APR 23 2002

Mr. W. D. Scott
Senior Vice President and Chief Operating Officer
Colonial Pipeline Company
P.O. Box 1624
Alpharetta, GA 30009-9934

RE: CPF No. 2-2000-5001

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, assesses a civil penalty of \$60,000, and requires certain corrective action. 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
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of

Colonial Pipeline Company,

Respondent

CPF No. 2-2000-5001

FINAL ORDER

Between February 10, 1999 and November 19, 1999, pursuant to 49 U.S.C. § 60117, representatives of the Office of Pipeline Safety (OPS) conducted on-site pipeline safety inspections of Respondent's facilities and records in Atlanta GA, and Knoxville, TN. As a result of the inspections, the Director, Southern Region, OPS, issued to Respondent, by letter dated January 19, 2000, 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. §§ 195.402, 195.404, 195.406, 195.420, 199.7, and 199.202. The Notice proposed assessing civil penalties of \$10,000 for violation of §195.404, \$50,000 for violation of §195.406, and \$10,000 for violation of §195.420. The Notice also proposed that Respondent take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated March 31, 2000 (Response). Respondent contested the allegations, offered information to explain the allegations, and requested elimination of the proposed civil penalties.

FINDINGS OF VIOLATION

Uncontested violations. Respondent did not contest the alleged violations of 49 C.F.R. §§ 195.402(a), 195.420(b), 199.7, and 199.202. 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. §195.402(a) – failing to follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, failing to review the manual at least once each calendar year and make appropriate changes, and failing to keep appropriate parts of the manual at locations where operations and maintenance activities are conducted at 28 locations;

49 C.F.R. §195.420(b) – failing to inspect, at intervals not exceeding seven and one-half months, mainline valves at sixteen locations to determine that they are functioning properly;

49 C.F.R. §199.7 – failing to maintain the latest version of Respondent’s anti-drug plan on Respondent’s intranet system; and

49 C.F.R. §199.202 – failing to maintain the latest version of Respondent’s alcohol misuse prevention plan on Respondent’s intranet system.

Contested violations. Item 5 of the Notice alleges that Respondent violated 49 C.F.R. §195.404(b)(1) by failing to maintain for at least three years daily operating records that indicate the discharge pressure at the Chantilly Station and the Signal Mountain Station lines. Specifically, the Chantilly Station Line 3 discharge pressure chart recorder failed on 11/2/97 and was not corrected until 1/23/98. The chart roll was changed twice without corrective measures taken. The Signal Mountain Station Line 20 discharge pressure chart record was in error from October 1998 to August 4, 1999. The chart roll was changed approximately 8 times without corrective measures taken.

Respondent objected to Item 5 of the Notice, stating that: its SCADA system provides a recording of the discharge pressure for each facility; the daily discharge pressure at both Chantilly and Signal Mountain is recorded and maintained at Colonial’s Control Center located in Atlanta; and the records are available for OPS’ review. Upon review, however, OPS’ inspectors discovered that Respondent’s SCADA system did not capture short duration pressure spikes. Because the system did not capture short duration pressure spikes, it did not accurately recreate daily discharge pressure. Accordingly, I find that Respondent violated §195.404(b)(1) as more fully described in the Notice.

Item 6 of the Notice alleged that Respondent violated 49 C.F.R. § 195.406(b) at its Knoxville and Nashville delivery facilities by permitting the pressure in the pipeline, during surges or other variations from normal operations, to exceed 110 percent of the operating pressure limit established under § 195.406(a). The Notice also listed several critical pressure switches in different locations (including the N. Macon and Birmingham Stub Lines) that did not conform to the setpoints listed in Respondent’s System Pressure Operating Manual (Manual). In response to item 6, Respondent argued that the valve and switch activation pressures were below Maximum Operating Pressure (MOP). Respondent nevertheless advised that it had taken corrective action as to each of the noted relief valve set-points and that it was reviewing the design application of the pressure switches currently installed. Based on Respondent’s comments, OPS inspectors reviewed the pressures taken during the inspection. The valve and switch set-points did not, in fact, allow pressure to exceed 110% of MOP.

However, Respondent did not follow its own Manual with respect to setting set-points for its relief valves and switches. For example, the Manual listed 650 psig as the set-point for a 4” Brodie Valve at the Knoxville Delivery Facility. It is clear that on February 12, 1999, the valve was found to be set at 715 psig. This improper setting of the Brodie valve reduced the safety margin of the pipeline. The Manual fixes the set-point at a particular value for a particular valve location for reasons related

to that location. The Manual set-point takes into account pressure surges that migrate up and down the pipeline in the normal course of business.

Respondent does not dispute the fact that the relief valve and switch setpoints at the time of inspection and the set points required in the Manual were not the same. Control of the pressure within MOP is required by 49 CFR §195.406(b). Written procedures are necessary to assure that employees know what is required for safe operation of the pipeline. Respondent is required to follow its written procedures and has failed to do so. These circumstances more appropriately support a violation of §195.402(a) for failing to follow a manual of written procedures for conducting normal operations and maintenance activities. Accordingly I find that Respondent violated §195.402(a) for failing to follow its manual of written procedures regarding valve and switch set-points.

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

WARNING ITEMS

In addition, the Notice identified several other items of noncompliance. Respondent is warned that if it should not take appropriate corrective action and a violation comes to the attention of OPS in a subsequent inspection, enforcement action will be taken.

These items are:

Item 1 in the Notice alleged that Respondent failed to install warning devices for the Woodbury No. 4 pump;

Item 3 in the Notice alleged that Respondent failed to properly document: liaison meetings with public officials at 4 locations, and liaison information at one location;

Item 4 in the Notice alleged that Respondent failed to maintain complete schematic drawings of pipeline valves at 16 stations;

Item 7 in the Notice alleged that Respondent failed to conduct timely cathodic protection testing on various underground pipeline segments in North Carolina and Virginia in the spring of 1997 and the fall of 1998 and did not maintain test leads required for cathodic protection on the Dorsey to Linden Line from 1996 to 1998;

Item 9 in the Notice alleged that Respondent failed to timely inspect and test the East Knoxville Line pressure limiting valve prior to the February 9, 1999 East Knoxville Line accident.

Item 10 in the Notice alleged that Respondent failed to establish a continuing public educational program regarding how to recognize a pipeline emergency and how to report it in approximately 13 locations.

ASSESSMENT OF PENALTIES

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.

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 violations, 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.

Respondent stated in the response that "Colonial does not believe a civil penalty is appropriate and requests elimination of the penalty."

The Notice proposed a penalty of \$10,000 for violation of 49 C.F.R. § 195.404(b)(1), which requires an operator to maintain for at least three years daily operating records that indicate the discharge pressure at each pump station. Respondent is apparently relying on its SCADA system for recording discharge pressures even though the system does not record pressure increases of short duration. The nature of this violation is serious. The only way for OPS inspectors to verify that the pipeline is operating safely is to verify the operating history of the pipeline. This includes review of the records of daily discharge pressure.

The Notice proposed a penalty of \$50,000 for violation of 49 C.F.R. § 195.406(b), which forbids an operator from permitting the pressure in a pipeline during surges or other variations from normal operations to exceed 110% of the operating pressure limit established under § 195.406(a). As stated above, however, the circumstances more appropriately support a violation of § 195.402(a). The following additional circumstances are relevant: OPS inspectors found that Respondent's System Pressure Operating Manual (Manual) set-points were updated in October of 1998. As of February 1999, Respondent's field personnel at the Knoxville and Nashville Delivery facilities had not changed the relief valves to reflect the Manual's updated set-points.

Respondent's history is also relevant. Pursuant to a 1996 order in a corrective action case (CPF No. 26503-H), Respondent evaluated pressure controlling switches on its entire original construction Pasadena-Linden line. A second order in the case required Respondent to complete "follow-up work with respect to the pressure controlling switches on stub lines connected to the original construction mainline and on lines of newer construction." The follow-up work included reevaluating operational set points for those portions of the system.

According to the NOPV, "The 1997 OPS team inspection of Colonial revealed probable violations of § 195.406(b); specifically, incorrect relief valve set-points. OPS has emphasized to Colonial the importance of maintaining correct set-points on pressure control and over-pressure protection equipment."

Violation of §195.402(a) with respect to relief valves and pressure switches is a serious violation. Respondent's employees did not continually monitor the Manual and were therefore unaware that the valve and switch set-points had changed. Set-points are changed to respond to changing circumstances and changes in MOP. When the valve and switch set-points mirror the Manual set-points, the danger of pipeline operating pressure exceeding operating limits is minimized. Respondent has a high degree of culpability for this violation. Respondent has not demonstrated good faith in attempting to achieve compliance.

The Notice proposed a penalty of \$10,000 for violation of 49 C.F.R. §195.420(b), which requires periodic inspection of mainline valves to determine they are functioning properly. One valve at Smokey Road did not function properly during 1998 and 1999 inspections. At four locations on Line 1, and 12 locations on Line 2, Respondent exceeded the 7 ½ month interval by between 18 and 38 days. The large number of locations (16) exceeding the required intervals reveals a disregard of the requirements of the Code. Checking valves is a routine and relatively simple procedure. It is, nevertheless, an important function as working valves may be needed to mitigate the results of a pipeline failure.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$60,000. 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.** 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, DC 20590-0001.

Questions concerning wire transfers should be directed to: Federal Aviation Administration, Mike Monroney Aeronautical Center, Financial Operations Division (AMZ-120), P.O. Box 25770, Oklahoma City, OK 73125; **(405) 954-4719**.

Failure to pay the \$60,000 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 an United States District Court.

COMPLIANCE ORDER

Under 49 U.S.C. § 60118, each person who engages in the transportation of hazardous liquids 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 hereby ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. Investigate why you did not maintain the written procedures required by 49 C.F.R. §§ 195.402(a) which are summarized here and are more particularly described in Item 2 of the Notice: your local emergency response plans, emergency operating procedures, emergency notification procedures, normal and abnormal operating procedures in various locations;

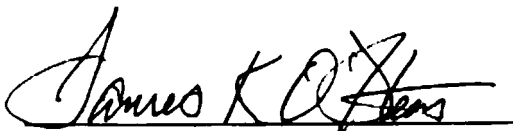
Investigate why you did not follow the written procedures required by 49 C.F.R. §§ 195.402(a) which are summarized here and are more fully described in Item 2 of the Notice regarding your: corrosion control procedures, accident prevention manual, pressure relief valve inspection procedures, pressure switch testing and inspection, and forms for Critical Equipment Maintenance Schedule, relief valve inspection and main line block valve inspection;

Prepare a report of the results of your investigation of Items 1 and 2. Include any corrective actions you are taking as a result of the investigation. Submit the report to the Director, Southern Region, Office of Pipeline Safety, for his review and approval.

4. Update and maintain on your intranet system the most current version of your anti-drug plan that meets the requirements of § 199.7 and follow that plan.
5. Update and maintain on your intranet system the most current version of your alcohol misuse prevention plan that meets the requirements of § 199.202 and follow that plan.

Respondent must submit the report to the Director, Southern Region, Office of Pipeline Safety, within 60 days of issuance of this order.

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. Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$25,000 per violation per day, or in the referral of the case for judicial enforcement.



for
Stacey Gerard
Associate Administrator
for Pipeline Safety

APR 23 2002

Date Issued