



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

JUN 16 2010

Mr. Randall Barnard
Senior Vice President
Williams Gas Pipeline - Transco
2800 Post Oak Blvd., Level 12
Houston, TX 77056

Docket No. PHMSA-2006-26531

Dear Mr. Barnard:

On September 8, 2006, Williams Gas Pipeline-Transco (WGP-Transco) wrote to the Pipeline and Hazardous Materials Safety Administration (PHMSA) requesting a special permit to waive compliance from PHMSA's pipeline safety regulation in 49 CFR § 192.611 for eleven (11) segments of the Transcontinental Gas Pipe Line Company natural gas transmission pipeline system in Coweta, Fayette, and Oconee Counties, Georgia. The regulation requires confirmation or revision of the maximum allowable operating pressure (MAOP) or replacement of a pipeline segment where the class location has changed.

PHMSA is denying this special permit request which would have allowed WGP-Transco to operate segments of the 30-inch Line A, 36-inch Line B, 36-inch Line C, and 42-inch Line D pipelines at their current MAOPs of either 780 or 800 pounds per square inch gauge (psig). The reason for this denial can be found in the Special Permit Analysis and Findings document enclosed with this letter. This document and all other pertinent documents are available for review in Docket No. PHMSA-2006-26531 in the Federal Docket Management System (FDMS) located on the internet at www.Regulations.gov.

PHMSA will grant WGP-Transco fifteen (15) months from the date of this letter to comply with the requirements of 49 CFR § 192.611:

Within sixty (60) days of receipt of this letter, prepare and submit to the Director, PHMSA Southern Region a schedule for pipe replacement. For each pipeline segment that will be replaced, such replacement schedule shall include the following milestones: pipe acquisition, pipe delivery, start of construction, hydrostatic testing, in-service date, and completion of pipe replacement. The pipe replacement schedule updates must be resubmitted as requested by the Director, PHMSA Southern Region.

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My staff would be pleased to discuss this special permit decision or any other regulatory matter with you. John Gale, Director of Regulations (202-366-0434), may be contacted on regulatory matters, and Alan Mayberry, Deputy Associate Administrator for Pipeline Safety (202-366-5124), may be contacted on technical matters specific to this special permit decision.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Wiese". The signature is written in a cursive style with a large initial "J" and "W".

Jeffrey D. Wiese
Associate Administrator for Pipeline Safety

Enclosure: Special Permit Analysis & Findings

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
SPECIAL PERMIT ANALYSIS AND FINDINGS**

Special Permit Information:

Docket Number: PHMSA-2006-26531
Requested By: Williams Gas Pipeline – Transco
Date Requested: September 8, 2006
Code Sections: 49 CFR § 192.611

Purpose:

The Pipeline and Hazardous Materials Safety Administration (PHMSA) provides this information to describe the special permit application submitted by Williams Gas Pipeline – Transco (WGP-Transco), to discuss any relevant public comments received with respect to the application, to present the engineering and safety analysis of the special permit application, and to make findings regarding whether the requested special permit should be granted and, if so, under what conditions.

Pipeline System Affected:

This special permit application applies to eleven (11) natural gas transmission pipeline segments on the WGP-Transco 30-inch Line A, 36-inch Line B, 36-inch Line C, and 42-inch Line D pipelines, where changes have occurred from an original Class 1 location to a Class 3 location in Coweta, Fayette, and Oconee Counties, Georgia.¹ If granted, a special permit would allow WGP-Transco to continue to operate the 30-inch Line A, 36-inch Line B, 36-inch Line C, and 42-inch Line D *special permit segments* in Coweta and Fayette Counties, Georgia at their current maximum allowable operating pressure (MAOP) of 800 pounds per square inch gauge (psig) and 780 psig for *special permit segments* located in Oconee County, Georgia.

¹ These segments were originally a Class 1 location that was upgraded to Class 2 location in accordance with § 192.611 (a) hydrostatic test.

WGP-Transco's special permit request applies to the *special permit segments* defined using the WGP-Transco mile post (MP) references for the Transco system as follows:

- *Special permit segment A-1*: 30-inch Line A, MP 1023.026 to MP 1023.669
- *Special permit segment B-1*: 36-inch Line B, MP 1023.022 to MP 1023.669
- *Special permit segment C-1*: 36-inch Line C, MP 1023.022 to MP 1023.670
- *Special permit segment D-1*: 42-inch Line D, MP 1023.494 to MP 1023.670
- *Special permit segment A-2*: 30-inch Line A, MP 1030.600 to MP 1031.158
- *Special permit segment B-2*: 36-inch Line B, MP 1030.600 to MP 1031.158
- *Special permit segment C-2*: 36-inch Line C, MP 1030.600 to MP 1031.152
- *Special permit segment D-2*: 42-inch Line D, MP 1030.600 to MP 1030.749
- *Special permit segment A-3*: 30-inch Line A, MP 1095.625 to MP 1097.125
- *Special permit segment B-3*: 36-inch Line B, MP 1095.625 to MP 1097.125
- *Special permit segment C-3*: 36-inch Line C, MP 1095.625 to MP 1097.125

Special Permit Request

On September 8, 2006, WGP-Transco submitted an application to PHMSA for a special permit seeking relief from the Federal Pipeline Safety Regulations in 49 CFR § 192.611(a) for the above-listed pipeline segments. The Federal pipeline safety regulations in 49 CFR § 192.611 requires natural gas pipeline operators to confirm or revise the MAOP of a pipeline segment after a change in class location. A special permit would allow WGP-Transco to continue to operate each of the eleven (11) special permit segments at its existing MAOP despite a change in class location. If the special permit application is denied, WGP-Transco would have to reduce pipeline pressure or replace the subject pipe.

Public Notice:

On February 8, 2007, PHMSA posted a notice of this special permit request in the Federal Register (72 FR 6044). PHMSA did not receive any comments for or against this special permit request as a result of this notice. The request letter, Federal Register notice and all other pertinent documents are available for review in Docket No. PHMSA-2006-26531 in the Federal Docket Management System (FDMS) located on the internet at www.Regulations.gov.

Analysis:

Background: On June 29, 2004, PHMSA published in the Federal Register (69 FR 38948) the criteria it uses for the consideration of class location special permits (formerly, waivers). First, certain threshold requirements must be met for a pipeline section to be further evaluated for a class location change special permit. Second, the age and manufacturing process of the pipe; system design and construction; environmental, operating and maintenance histories; and integrity management program elements are evaluated as significant criteria. These significant criteria are presented in matrix form and can be reviewed in the FDMS, Docket Number PHMSA-RSPA-2004-17401. Third, special permits will only be granted when pipe conditions and active integrity management provides a level of safety greater than or equal to a pipe replacement or pressure reduction.

Threshold Requirements: Each of the threshold requirements published by PHMSA in the June 29, 2004, FR notice is discussed below in regards to the WGP-Transco special permit request.

1) No pipeline segments in a class location changing to Class 4 location will be considered.

This special permit request is for eleven (11) segments of WGP-Transco systems 30-inch Line A, 36-inch Line B, 36-inch Line C, and 42-inch Line D pipelines, where a change has occurred from a Class 2 location to a Class 3 location. WGP-Transco meets this requirement.

2) No bare pipe will be considered. These WGP-Transco *special permit segments* are coated with coal tar enamel, asphalt enamel, fusion bonded epoxy, and liquid epoxy. WGP-Transco has met this requirement of no bare pipe. WGP-Transco has significant coating issues such as disbonded coating in the special permit segments and areas. These issues raise pipeline safety concerns, which PHMSA has weighed in considering this special permit application. WGP-Transco was cited for external corrosion control issues in Georgia during a 2008 inspection.

3) No pipe containing wrinkle bends will be considered. There are no wrinkle bends in the *special permit segments*. WGP-Transco has met this requirement.

- 4) No pipe segments operating above 72% of the specified minimum yield strength (SMYS) will be considered for a Class 3 special permit. The *special permit segments* operate at or below 72% SMYS. WGP-Transco has met this requirement.
- 5) Records must be produced that show a hydrostatic test to at least 1.25 x maximum allowable operating pressure (MAOP) and 90% of SMYS. WGP-Transco records submitted show that the *special permit segments* being considered meet this requirement.
- 6) In-line inspection (ILI) must have been performed with no significant anomalies identified that indicate systemic problems. WGP-Transco would be required to meet this requirement.
- 7) PHMSA criteria for consideration of class location change special permits, defines *special permit inspection area* as up to 25 miles of pipe either side of the *special permit segment*. If a special permit is granted, the *special permit inspection area* must be inspected according to WGP-Transco's integrity management program and periodically inspected with an in-line inspection technique. If granted, a special permit would be contingent upon WGP-Transco's incorporation of each of the *special permit segments* in its written integrity management program as a "*covered segment*" in a "high consequence area" (HCA) in accordance with 49 CFR § 192.903.

Criteria Matrix and Operational Integrity Compliance:

As part of its review of WGP-Transco's application, PHMSA evaluated the relevant regulatory compliance and enforcement history to determine the overall fitness of WGP-Transco to receive a special permit. A review of PHMSA enforcement actions of WGP from 2000 through 2009 shows several enforcement actions against WGP-Transco, which places this criterion in the "requires substantial justification category" of the criteria matrix. PHMSA has determined that WGP-Transco does not meet this criterion based on WGP-Transco's enforcement and compliance history on issues relevant and important to a Class Location special permit. The issues include, but are not limited to, addressing and mitigating cathodic protection deficiencies. WGP-Transco must demonstrate sustained improvements in their Operation & Maintenance (O & M) Program, Integrity Management Program, and compliance history for PHMSA to consider future Class Location special permit requests. During meetings with WGP-Transco's staff over the course of reviewing this special permit application, the company indicated that it is developing plans to improve its overall compliance program. PHMSA determined, however,

that program improvements must be in-place over a sustained time period before PHMSA will consider granting WGP-Transco a Class Location special permit.

Compliance History – 2000 through 2009: A review of PHMSA closed enforcement actions of WGP-Transco from June 1, 2003, through May 31, 2010, shows the following enforcement actions against WGP-Transco, which are in the “requires substantial justification category”.

- Letters - of Concern or Warning - 12 matters
- Notices – of Amendment or of Probable Violation – 4 matters
- Collected Civil Penalties - \$952,500 collected, additional penalties have been proposed for open cases.

Enforcement actions both closed and outstanding against WGP-Transco operated pipelines indicate the following:

1. The disbonded coating history of asphalt enamel coating on WGP-Transco pipelines in the *special permit segments* would make complying with equivalent safety of a new pipeline problematic to maintain cathodic protection without coating remediation;
2. Two (2) failures during 2008 on this WGP-Transco pipeline system in Georgia (girth weld failure in this general operating area) and Virginia (rupture) on the same pipeline system;
3. A history of violations of non-compliance by WGP; and
4. Several outstanding enforcement actions and Corrective Action Orders (CAOs) on the WGP pipeline systems.

WGP-Transco’s disbonded asphalt enamel coating history in the *special permit segments*, enforcement history with significant non-compliance issues with 49 CFR Part 192 in areas affecting pipeline corrosion and other integrity issues, and significant enforcement actions including outstanding CAOs, indicates that granting a special permit would not be consistent with pipeline safety nor would it be in the public interest.

Findings:

For the reasons discussed above, having reviewed WGP-Transco’s application, analyzed the technical and safety issues involved, and the relevant operating and compliance history, PHMSA

finds that granting the special permit requested by WGP-Transco for its 30-inch Line A, 36-inch Line B, 36-inch Line C and 42-inch Line D pipelines located in Coweta, Fayette, and Oconee Counties, Georgia would not be consistent with pipeline safety. Accordingly, we recommend that the special permit request be denied.

Completed in Washington DC on: **JUN 16 2010**
Prepared by: PHMSA – Engineering and Emergency Support