



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 Boulevard, Level 12
Houston, TX 77056

Docket No. PHMSA-2009-0079

Dear Mr. Barnard:

On March 10, 2009, 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 two (2) segments of the Transcontinental Gas Pipe Line Company natural gas transmission pipeline system in Davidson, Guilford, and Rockingham Counties, North Carolina. 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-1 and 36-inch Line B-1 pipelines at their current MAOP of 780 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-2009-0079 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.

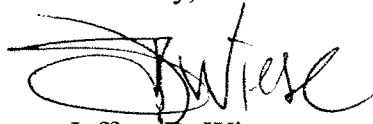
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My staff would be pleased to discuss this special permit decision or any other regulatory matter with you. John Gale, Director of Regulations (202-366-0434), may be contacted on regulatory matters and Alan Mayberry, Deputy Associate Administrator for 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", written over a horizontal line.

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-2009-0079
Requested By: Williams Gas Pipeline – Transco
Date Requested: March 10, 2009
Code Sections: 49 CFR § 192.611(a)

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 two (2) natural gas transmission pipeline segments on the WGP-Transco 30-inch Line A-1 and 36-inch Line B-1 pipelines, where a change has occurred from an original Class 1 location to a Class 3 location in Davidson, Guilford, and Rockingham Counties, North Carolina.¹ If granted, a special permit would allow WGP-Transco to continue to operate each *special permit segment* at its current maximum allowable operating pressure (MAOP) of 780 pounds per square inch gauge (psig).

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

- ***Special permit segment A-1:*** 30-inch Line A-1, MP 1337.813 to MP 1339.777, 1.942 miles
- ***Special permit segment B-1:*** 36-inch Line B-1, MP 1337.813 to MP 1339.777, 1.942 miles

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

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 two (2) segments of WGP-Transco systems 30-inch Line A-1 and 36-inch Line B-1 pipelines, where a change has occurred from an original Class 1 location to a Class 3. WGP-Transco meets this requirement.
- 2) No bare pipe will be considered. These WGP-Transco *special permit segments* are coated with coal tar enamel and asphalt enamel. WGP-Transco has met this requirement of no bare pipe. 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* operates 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 times the maximum allowable operating pressure (MAOP) and 90% of SMYS. WGP-Transco records show that the sections 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 define a *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. A special permit would have been issued 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 – 2003 through 2010: 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;

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 disbanded 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-1 and 36-inch Line B-1 pipelines located in Davidson, Guilford, and Rockingham Counties, North Carolina would not be consistent with pipeline safety. Accordingly, we recommend that the special permit request be denied.

JUN 16 2010

Completed in Washington DC on: _____
Prepared by: PHMSA – Engineering and Emergency Support