

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

OVERNIGHT EXPRESS DELIVERY

January 12, 2016

J. Andrew Drake
Vice President, Operations & EHS
Algonquin Gas Transmission Co. (Spectra Energy Corp.)
5400 Westheimer Court
Houston, TX 77056

CPF 1-2016-1002

Dear Mr. Drake:

From October 16-28, 2015, an inspector from the Connecticut Department of Energy and Environmental Protection (CT DEEP) acting as Agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, inspected the Algonquin Gas Transmission Company's (AGT) main construction work along the pipeline right-of-way west of Milestone Road in Danbury, Connecticut.

On the basis of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. PHMSA has identified the apparent inadequacies found within AGT's plans or procedures, as described below:

1. §192.227 Qualification of welders and welding operators.

(a) Except as provided in paragraph (b) of this section, each welder or welding operator must be qualified in accordance with section 6, section 12, or Appendix A of API Std 1104 (incorporated by reference, *see* §192.7), or section IX of ASME Boiler and Pressure Vessel Code (BPVC) (incorporated by reference, *see* §192.7). However, a welder or welding operator qualified under an earlier edition than the edition listed in §192.7 may weld but may not re-qualify under that earlier edition.

AGT failed to qualify welders on a section of the project (42 inch 0.938 inch wall pipe that was being welded using a mechanical welding process) in accordance with section 6, section 12, or Appendix A of API Standard 1104 (incorporated by reference, *see* §192.7), or section IX of ASME Boiler and Pressure Vessel Code (BPVC) (incorporated by reference, *see* §192.7).

API 1104, section 12 (Mechanized Welding with Filler Metal Additions) applies to a welding process being used on the project. Section 12.6 states:

“Each welding operator shall be qualified by producing an acceptable weld using the qualified welding procedure.”

During the inspection on October 22, the CT DEEP inspector observed welders completing welds using procedure AIM-BMX-423.0 on pipe with a wall thickness of 0.938 inches. The welder qualification paperwork provided to support the welding was for a different welding procedure, AIM-BMX-422.0, which is for 0.720 inch wall pipe. The welders had not been qualified to weld using procedure AIM-BMX-423.0.

AGT representatives stated that:

1. As of October 22, 2015, a total of 10 welds had been completed, and 4 more were in progress using welding procedure AIM-BMX-423.0.
2. As of October 28, 2015, all 14 welds made using welding procedure AIM-BMX-423.0 had been cut out and discarded.
3. As of October 28, 2015, the welders have been qualified to use welding procedure AIM-BMX-423.0.

Evidence is based on personal observations and photographs taken by the CT DEEP inspector, and statements made by operator representatives.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists, up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a 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 \$26,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$26,200

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to AGT. 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. All material you submit in response to this enforcement action may be 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). Not responding within 30 days of receipt of this Notice 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 1-2016-1002** on each document you submit, and please, whenever possible, provide a signed PDF copy in electronic format. Smaller files may be e-mailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other) case, please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Cc: Karl Baker CT DEEP

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 Algonquin Gas Transmission Company (AGT) (Spectra Energy Corp) (Spectra) a Compliance Order incorporating the following remedial requirements to ensure the compliance of AGT with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to AGT's failure to qualify welders in the AIM-BMX-423.0 welding procedure for the welding being done in Connecticut, AGT must provide evidence that the welders have been qualified for the AIM-BMX-423.0 welding procedure, and that the 14 welds started or completed before October 28, 2015, using welding procedure AIM-BMX-423.0 have been cut out and discarded.
2. AGT shall submit documentation for the welder qualification and 14 welds referenced in item 1 to the PHMSA Eastern Region within 30 days receipt of the Final Order.
3. It is requested (not mandated) that AGT maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, PE, 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.