

February 11, 2016

Mr. Byron Coy
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road
Suite 103
West Trenton, NJ 08628

**RE: Algonquin Gas Transmission, LLC Response
Notice of Probable Violation (NOPV)
CPF 1-2016-1002**

Dear Mr. Coy,

From October 16-28, 2015, an inspector from the Connecticut Department of Energy and Environmental Protection ("CT DEEP") acting as Agent for the Pipeline Hazardous Material Safety Administration ("PHMSA"), Office of Pipeline Safety ("OPS") pursuant to Chapter 601 of 49 United States Code, inspected the Algonquin Gas Transmission ("AGT"), a subsidiary of Spectra Energy Partners, LP, ("SEP"¹), main construction work along the pipeline right-of-way west of Milestone Road in Danbury, Connecticut.

On January 12, 2016, PHMSA issued the above referenced Notice of Probable Violation ("NOPV") alleging one (1) violation of the pipeline safety regulations. The NOPV reads as follows: On the basis of the inspection, it appeared that you have committed a probable violation of the Pipeline Safety Regulations, Title 49 of the Code of Federal Regulations. PHMSA has identified the apparent inadequacies found within the AGT's plans or procedures, as described below.

1. § 192.303 Compliance with specifications or standards

PHMSA Finding

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). 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

¹ On November 1, 2013, Spectra Energy Corp ("Spectra Energy") completed the drop-down of substantially all of Spectra Energy Transmission's remaining U.S. gas transmission, storage and liquids assets, including Algonquin Gas Transmission, LLC ("AGT"), to Spectra Energy Partners, LP ("SEP"), a master limited partnership. A wholly owned subsidiary of Spectra Energy is the general partner of SEP.

inspector observed welders completing welds using procedure AIM-BMX-423.0 on pipe with a wall thickness of 0.938 inches. The welder qualification paper 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 being 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 CT DEEP inspector, and statements made by operator representatives.

AGT Response

AGT acknowledges that it 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 the API 1104. A total of fourteen (14) welds were made and subsequently cut out and discarded once this issue was identified.

The welding procedure, AIM-BMX-423.0, was developed specific to a section of the main construction project for the 42 inch 0.938 inch wall pipe. A total of fourteen (14) welds were made with the 42 inch .938 wall pipe without welder qualifications on the AIM-BMX-423.0 welding procedure. Upon discovery, and in anticipation of potential concerns from PHMSA, AGT took a proactive step to cut out and discard all fourteen (14) welds. A copy of the documentation, *Daily Timesheet*, is enclosed to indicate the removal of these welds. Seven (7) of these welds were inspected by NDT and satisfied the requirements of API 1104 Section 9 prior to being cut out. A copy of the documentation, *NDE Report for Field Welds*, is enclosed to indicate that the seven (7) welds satisfied the requirement of API 1104 Section 9, prior to being cut out and discarded. The other seven (7) were not inspected by NDT because the welds were in the process of being cut out and discarded. Following this incident, the welders were then qualified using AIM-BMX-423.0, welding procedure on the 42 inch .938 inch wall.

AGT will not contest PHMSA's finding that 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 API 1104. However, based on the facts stated above, AGT maintains that the

fourteen (14) welds made on the 42 inch .938 inch wall pipe did not compromise pipeline safety since the welds were proactively cut out and discarded and never placed into service.

The Proposed Compliance Order requires AGT to provide evidence that the welders have been qualified for the AIM-BMX-423.0 welding procedure and that the fourteen (14) welds have been cut out or discarded within 30 days of the Final Order. In addition, the Proposed Compliance Order would request that AGT submit the costs associated with the revision of the welding procedure and replacement of the welds.

In lieu of waiting for the Proposed Compliance Order to become final, AGT responds by enclosing the *Welder Qualification Reports* as evidence that the welders have been properly qualified for the AIM-BMX-423.0 welding procedure. The *Daily Timesheet* is also enclosed as evidence to show that fourteen (14) welds consisting of twenty eight (28) cuts were made and the welds discarded. Each weld is equivalent to 2 (two) cuts on the *Daily Timesheet*. The total cost associated with preparation/revision of the procedure and replacing the fourteen (14) welds is \$130,000.00. Below are the two categories as requested in the NOPV:

1. Preparation/revision of the procedure - \$5,000.00
2. Replacement of fourteen (14) welds - \$125,000.00

Given the facts detailed above, AGT respectfully requests PHMSA eliminate the civil penalty and downgrade the NOPV to a Warning. AGT received no economic benefit from these actions. We look forward to PHMSA's response.

Please call me at (713) 627-6388 if you have any questions or comments.

Sincerely,



Rick W. Kivela
Director, Operational Compliance

Enclosures: *Welder Qualification, AIM-BMX-423.0*
Daily Timesheet
NDE Report for Field Welds

cc w/Enclosures: (via electronic mail)

Karl Baker, CT DEEP