



U.S. Department of Transportation  
**Pipeline and Hazardous Materials  
Safety Administration**

1200 New Jersey Ave, S.E.  
Washington, D.C. 20590

APR 27 2016

Mr. Robert C. Skaggs, Jr.  
Chairman of the Board and CEO  
Columbia Pipeline Group, Inc.  
5151 San Felipe, No. 2500  
Houston, TX 77056

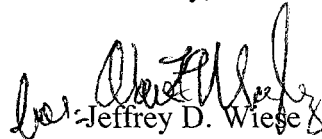
**Re: CPF No. 1-2014-1010**

Dear Mr. Skaggs:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Columbia Gas Transmission, LLC. It makes a finding of violation and assesses a civil penalty of \$40,300. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon receipt of payment. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,



Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Byron Coy, P.E., Director, Eastern Region, OPS  
Mr. Perry M. Hoffman, Manager- System Integrity, Columbia Pipeline Group, Inc.,  
1700 MacCorkle Avenue SE, Charleston, West Virginia 25314

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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**In the Matter of** )

**Columbia Gas Transmission, LLC,** )  
**a subsidiary of Columbia Pipeline Group, Inc.,** )

**Respondent.** )  
\_\_\_\_\_ )

**CPF No. 1-2014-1010**

**FINAL ORDER**

On June 10, 2013, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), and state inspectors from the West Virginia Public Service Commission (WV PSC) inspected Columbia Gas Transmission Corp.'s Clendenin, Glenville, and Smithfield compressor stations and Line 1740 records in Charleston, West Virginia.<sup>1</sup> Columbia Gas Transmission, LLC (CGT or Respondent) is a subsidiary of Columbia Pipeline Group, Inc., which owns and operates more than 15,000 miles of natural gas pipelines and one of the largest underground storage systems in North America.<sup>2</sup>

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated October 6, 2014, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that CGT had violated 49 C.F.R. § 192.605(a) and assessing a civil penalty of \$40,300 for the alleged violation.

CGT responded to the Notice by letter dated November 7, 2014 (Response). It contested the allegation and requested that the proposed civil penalty be withdrawn. Respondent did not request a hearing and, therefore, has waived its right to one.

**FINDING OF VIOLATION**

The Notice alleged that Respondent violated 49 C.F.R. Part 192, as follows:

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states:

<sup>1</sup> The Notice of Probable Violation in this case was issued to Columbia Gas Transmission Corp., now operating as Columbia Gas Transmission, LLC, a subsidiary of Columbia Pipelines Group, Inc.

<sup>2</sup> Columbia Pipelines Group, Inc. website, *available at* <https://www.cpg.com/> (last accessed February 17, 2016).

**§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities. Specifically, the Notice alleged that CGT failed to follow its own procedure, *Plan Number 110.01.10, Lockout Tagout, effective April 29, 2013 (Plan Number 110.01.10)*, when conducting maintenance work on Compressor Unit 3,<sup>3</sup> located in Compressor Building 3 at the Clendenin Compressor Station. Respondent's procedure required the operator to eliminate or minimize hazards by locking out/tagging out (LOTO) energy sources during maintenance work.

During the inspection, the WV PSC inspector observed that Compressor Unit 3 was partially disassembled for maintenance repairs. The inspector asked CGT to identify the locations of the energy sources that CGT had locked out on June 3, 2013, the date that company records indicated CGT had completed the LOTO for Unit 3. The Notice alleged that CGT personnel could not demonstrate that they had locked out either the electrical or compressed-air energy sources. According to the Notice, the breaker for Compressor Unit 3 was in the "on" position and a photograph for the electrical switch for the compressor showed that the switch was tagged but not locked. The Notice further alleged that CGT personnel had acknowledged the electrical panel was not locked out, that the compressed-air line connected to the compressor did not have any shutoff valve, and that the compressed-air system was still in service.

In its Response, CGT disputed that a violation had occurred. The company contended that isolation of the electrical and compressed-air energy sources was not "germane to the isolation of Unit 3 for the work being conducted," namely, removal and replacement of the exhaust manifold.<sup>4</sup> According to CGT:

Unit 3 engine can be switched on and off by a control panel located next to the unit. The control panel is provided with 24 volt electrical service and compressed air. As noted above, Unit 3 is a natural gas powered compressor unit. There is no outside electrical service provided to the Unit 3 engine itself. The 24 volt electrical service only services the control panel and not the engine. As the engine was

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<sup>3</sup> Unit 3 is a 3,000 horsepower Cooper-Bessemer LSV-12 natural gas-powered four-cycle engine installed in 1967. Response, at 2.

<sup>4</sup> *Id.* at 3.

already disabled through engagement of the turning gear and as electrical service was only provided to the control panel, and not the engine itself, isolation of the electrical service to the engine panel was not relevant to work on the exhaust manifold of the engine....[T]he compressed air is used in the control panel and to start the engine. However, there was no exposure to any compressed air energy sources from the engine associated with the removal and replacement of the exhaust manifold.

... [The] Unit 3 exhaust system was isolated from all relevant energy sources during the removal and replacement of the exhaust manifold in June 2013 and no hazard to Columbia Gas employees or the public existed as a result of that work.<sup>5</sup>

In sum, CGT stated that it had isolated all energy sources relevant to the work being conducted on Unit 3. CGT further contended that it had also engaged a worm gear to ensure that the compressor engine was completely disabled during the maintenance work.

Upon review of all the evidence, I find that CGT failed to follow its own LOTO procedures set forth in *Plan Number 110.01.10* when it performed maintenance work on Unit 3. The company's *Procedure 3.2, Primary Work Categories that will Require Lockout/Tagout*, prominently provides "an outline of typical situations that subject employees to hazards that can be eliminated or minimized by the locking/tagging out of energy sources." The procedure explains that the list, which included "equipment installation, maintenance, lubrication and repair," was "not intended to be an all inclusive listing of work situations requiring locking and tagging" but merely an outline. It is clear that the maintenance work being performed on Compressor Unit 3 constituted a maintenance or repair that required LOTO.

In the subsequent section of the plan, *Procedure 3.3 Lockout vs. Tagout (Procedure 3.3)*, a distinction is made between situations where both lockout and tagout are needed and those where tagging only is permitted:

Locks and tags will be used in all cases where equipment is capable of being locked out. If a device is incapable of being locked out, a "tagout only" procedure will be employed. Tagout procedural methods must provide a level of safety equivalent to that obtained by using a lockout procedure.

*Procedure 3.3* provides additional instructions on how to effectively provide safety where only tagging is feasible:

When using the "tagout only" method for isolating energy sources, the authorized employee will adhere to the following guidelines:

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<sup>5</sup> *Id.*

- Additional elements must be considered as are necessary to provide the equivalent safety available from the use of a lockout device. Additional means include the implementation of additional safety measures such as the removal of an isolating circuit element, blocking of a controlling switch, opening of an extra disconnecting device, or the removal of a valve handle to reduce the likelihood of inadvertent energization.<sup>6</sup>

The record shows that CGT employees recognized the need for LOTO on this job and completed a specific LOTO checklist (Checklist), indicating how energy isolation was going to be achieved. The checklist required that CGT employees list all “SOURCES AND MAGNITUDE OF ENERGY FOR THIS EQUIPMENT” (caps in original). The completed form shows three energy sources that required isolation as part of this maintenance job: electrical, compressed air, and gas. The form also required that as each isolating step was completed, the employee would check off that particular task on the form. The completed checklist reflects that in performing this job, the employees supposedly had performed each LOTO task, including “isolat[ing] equipment from ALL energy sources relevant to the scope of work” and “lock[ing] and tag[ing] the energy-isolating devices.”<sup>7</sup>

During the WV PSC inspection, however, CGT personnel could not demonstrate that they had locked out the electrical or compressed air energy sources.<sup>8</sup> In fact, CGT personnel acknowledged that the electrical panel had not been locked out and that the compressed air system was still in service.<sup>9</sup> There was also photographic evidence showing that energy sources were not isolated during the maintenance work on Unit 3.<sup>10</sup>

CGT stated in its Response that the isolation of electrical and compressed air energy sources was not *relevant* to the scope of work being performed on Unit 3. This argument, however, is inconsistent with CGT’s own checklist for the job, which clearly indicated that gas, compressed air, and electrical energy were all sources of energy for Unit 3 requiring isolation.<sup>11</sup> CGT also failed to address in its Response what method, if any, was used to isolate the compressed-air sources that were used to start the compressor engine, including if and how those energy sources were vented to comply with CGT procedures.<sup>12</sup>

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<sup>6</sup> Pipeline Safety Violation Report (Violation Report), (October 6, 2014) (on file with PHMSA), Exhibit A-02, at 4.

<sup>7</sup> *Id.* at Exhibit A-03.

<sup>8</sup> *Id.* at 6.

<sup>9</sup> *Id.*

<sup>10</sup> *See id.* at 6, stating that “[p]hotographs of the breaker for Compressor Unit 3 show the breaker in the ‘on’ position and a photograph for the electrical switch for the compressor shows that the switch was tagged but not locked; *see also* Violation Report, Exhibit A-01.

<sup>11</sup> *Id.*, Exhibit A-03.

<sup>12</sup> *Id.* at Exhibit A-02, at 6.

As for the turning gear, CGT argued that the gear had been engaged to render the unit inoperable and was also tagged.<sup>13</sup> However, it is still evident that CGT personnel failed to note that the gear had been engaged as part of the LOTO, as required by its own procedures.<sup>14</sup> Although a turning gear could potentially qualify as an energy-isolating device under CGT's procedures, (1) the Checklist did not mention it as part of the steps being taken for LOTO on this specific job; (2) the Checklist did not explain how the gear was protected from being activated or removed during maintenance; and (3) the tag did not appear to be physically placed on the gear in such a manner that other employees would know that it had been installed as part of LOTO.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities. This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

### ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$40,300 for the violation cited above.

**Item 1:** The Notice proposed a civil penalty of \$40,300 for Respondent's violation of 49 C.F.R. § 192.605(a), for failing to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities. As discussed above, I found that CGT failed to follow its own LOTO procedure for isolating energy sources during repairs. By failing to take appropriate action to comply with a requirement in its own procedures that was clearly applicable, CGT potentially compromised the safety of the Compressor Unit 3 maintenance work. Respondent has not presented any evidence that would warrant reduction or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of **\$40,300** for violation of 49 C.F.R. § 192.605(a).

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal

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<sup>13</sup> See Response, at 3 ("The turning gear is a worm gear integral to the [compressor] unit which, once engaged, locks the engine drive shaft making it physically impossible for the unit to operate.").

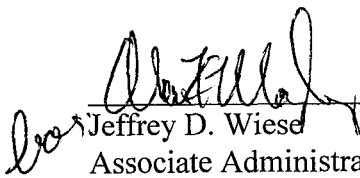
<sup>14</sup> Violation Report, Exhibit A-03 at 2.

Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, 6500 S MacArthur Blvd., Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$40,300 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 a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent has the right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of the Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed but does not stay any other provisions of the Final Order, including any required corrective actions. If Respondent submits payment of the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

  
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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

APR 27 2016

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Date Issued

## **Payment Instructions**

### ***Civil Penalty Payments of Less Than \$10,000***

Payment of a civil penalty of less than \$10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration  
Financial Operations Division (AMK-325)  
ATTN: Shelby Jones  
6500 S MacArthur Blvd.,  
Oklahoma City, OK 79169

Wire transfer payments of less than \$10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8845, or at the above address.

### ***Civil Penalty Payments of \$10,000 or more***

Payment of a civil penalty of \$10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8845, or at the above address.



## INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

(1) <u>RECEIVER ABA NO.</u> 021030004	(2) <u>TYPE/SUB-TYPE</u> (Provided by sending bank)
(3) <u>SENDING BANK ABA NO.</u> (Provided by sending bank)	(4) <u>SENDING BANK REF NO.</u> (Provided by sending bank)
(5) <u>AMOUNT</u>	(6) <u>SENDING BANK NAME</u> (Provided by sending bank)
(7) <u>RECEIVER NAME</u> TREAS NYC	(8) <u>PRODUCT CODE</u> (Normally CTR, or as provided by sending bank)
(9) <u>BENEFICIAL (BNF) = AGENCY LOCATION CODE</u> BNF = /ALC-69-14-0001	(10) <u>REASONS FOR PAYMENT</u> Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number

**INSTRUCTIONS:** You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

**Block #1** - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

**Block #5** - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: \$10,000.00**

**Block #7** - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

**Block #9** - BENEFICIAL - AGENCY LOCATION CODE - "BNF=/ALC-69-14-0001". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

**Block #10** - REASON FOR PAYMENT - "AC-payment for PHMSA Case # / To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country."

**NOTE:** A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8845 at the time you send the wire transfer.