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J. A. (Andy) Drake, P.E.
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May 3, 2012

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

RE: CPF 1-2012-1007
Notice of Probable Violation and Proposed Compliance Order
Texas Eastern Transmission, L.P.

Dear Mr. Coy,

During the week of November 29, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration ("PHMSA") conducted an inspection of the Texas Eastern Transmission, L.P. ("TETLP") facilities in the vicinity of South Plainfield, New Jersey. During this inspection, PHMSA identified two (2) probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, and issued a Notice of Probable Violation ("NOPV") and Proposed Compliance Order on April 4, 2012. The following is a summary of PHMSA's finding and our response.

1. §192.709 Transmission Lines: Record Keeping

PHMSA Finding

TETLP failed to properly document the completion of a prescribed requirement to operate a valve that might be used during an emergency.

TETLP's records were incorrect since they indicated that three valves that might be used in an emergency had not been partially operated as part of the annual valve inspection required by §192.745(a). The Operator stated that upon interviewing employees, they discovered that the valves had been operated, but they entered the wrong code into the record, which resulted in the erroneous entry.

The probable violation is based upon discussions with the operator as summarized in an e-mail dated 4/15/2011, drawings of the Lambertville Compressor Station and a review of the operator's work orders.

TETLP Response

TETLP implemented the Maximo work management system to document valve maintenance in 2008. At that time, TETLP decided to document the maintenance of all valves with a size of 2 inches and greater within the Maximo database, without specifying which valves would be classified as "emergency" valves and which ones would be classified as "non-emergency" valves. TETLP felt this would be compliant with applicable regulations since all valves were being maintained, operated and documented in accordance with §192.745(a). However, this practice resulted in all valves being documented in the same database, with no way of identifying those valves that might be used during an emergency and thus subject to the requirements of 192.745(a).

As noted in the PHMSA Finding, TETLP interviewed the applicable employees, and determined the three valves subject to this NOPV had actually been partially or fully operated, but the Maximo documentation was incorrect due to an employee error while entering the data.

TETLP acknowledges that the documentation for these three (3) valves was incorrect. It should be noted that once TETLP classifies valves that might be used during an emergency pursuant to the Proposed Compliance Order, the three (3) valves subject to this Finding may be classified as "non-emergency" valves and therefore not subject to the requirements of §192.745(a). However, at the time of the PHMSA inspection, TETLP had not done this classification, and therefore will not contest this Finding.

2. §192.745 Valve Maintenance: Transmission Lines

PHMSA Finding

TETLP's records indicated that four valves that might be used in an emergency per 192.745(a) were not partially or fully operated during the indicated calendar year.

In discussions with the operator, information summarized in an e-mail from the operator, dated 4/15/2011, drawings of the Lambertville Compressor Stations and the operator's work orders, it was determined that the valves were not partially or fully operated as required by 192.745(a).

TETLP Response

As noted in the response to Item 1, above, TETLP has been documenting the maintenance of all valves, emergency and non-emergency, in the same Maximo database. This practice resulted in all valves being documented in the same database, with no way of identifying those valves that might be used during an emergency and thus subject to the requirements of 192.745(a).

TETLP has conducted additional interviews with applicable field personnel regarding operation of the four (4) valves identified by this Finding. Based on these interviews, it appears these valves were actually operated in accordance with the requirements of §192.745(a), and this is an incorrect documentation issue similar to Finding #1. It should be noted that once TETLP classifies valves that might be used during an emergency pursuant to the Proposed Compliance Order, the four (4) valves subject to this Finding may be classified as “non-emergency” valves and therefore not subject to the requirements of §192.745(a). However, at the time of the PHMSA inspection, TETLP had not done this classification, and therefore will not contest this Finding.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, PHMSA proposes to issue to Texas Eastern Transmission, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of TETLP with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to TETLP’s failure to operate valves that might be used during an emergency, TETLP will review its entire inventory of valves with a 50 miles radius of South Plainfield, NJ to properly classify those valves that might be used in an emergency. TETLP shall revise its Standard Operating Procedure 5-5010 to specify those classifications of valves that might be used in an emergency per §192.745(a). Additionally, each valve shall be identified and listed in its EAM Solution (Maximo) or other data management system to schedule and document maintenance on applicable valves.
2. With respect to the requirements in 1, above, the operator shall complete these functions within 120 days of execution of the Final Order.
3. It is requested (not mandated) that TETLP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, 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 associate with replacements, additions and other changes to pipeline infrastructure.

TETLP Response

It should be noted that the proposed Compliance Order has incorrectly identified Texas Eastern Transmission, LLC as the party to be subject to the Order. The correct entity is Texas Eastern Transmission, L.P. As noted in the response to Item 1, above, TETLP has been documenting the maintenance of all valves, “emergency” and “non-emergency”, in the same Maximo database. This practice resulted in all valves being documented in the same database, with no way of identifying those valves that might be used during an emergency and thus subject to the requirements of §192.745(a).

TETLP continues to believe this practice did meet the requirements of the regulations, since all valves, including all emergency valves, were being inspected, maintained, and operated in accordance with §192.745(a) and documented in accordance with §192.709. However, TETLP acknowledges this was not an effective means of demonstrating compliance with §192.745(a) during a PHMSA inspection, since the “emergency” valves were not designated separately from other valves.

To improve the effectiveness of demonstrating compliance with §192.745(a) and prior to receipt of this Proposed Consent Order, TETLP had started to implement revisions to its Standard Operating Procedure to specify those classifications of valves that might be used during an emergency. In addition, TETLP had already intended to identify all valves that met the “emergency” classification based on the procedure revisions and list these valves in the Maximo database (or other applicable system). These changes are in progress and should address all the requirements of Item 1 of the Proposed Compliance Order.

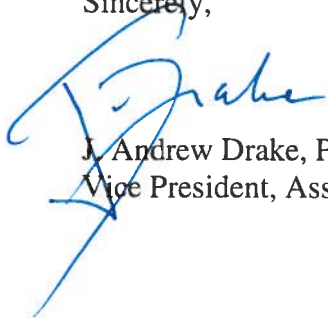
TETLP will complete the revisions to Standard Operation Procedure 5-5010, indentify all valves that meet the “emergency” classification and list these valves in the Maximo database (or other applicable system) within 120 days of the Final Order, as specified in Item 2 of the Proposed Compliance Order. TETLP will also provide an estimated cost associated with preparation/revision of plans, procedures, studies and analyses, as requested in Item 3 of the Proposed Compliance Order. No costs for facility modifications or replacement are anticipated.

As noted in the responses to Items 1 and 2 of the NOPV, TETLP does not intend to contest the NOPV findings and is paying the proposed civil penalty of \$5,100 in accordance with the Response Options attached to the NOPV. TETLP also does not intend to contest the Proposed Compliance Order, and had already started the specified procedure revisions.

It appears the issues raised in the NOPV and Proposed Compliance Order are related to documentation, and not on the work being performed on the pipeline. TETLP takes these issues very seriously, and we are committed to addressing these issues in an expeditious manner.

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

Sincerely,



J. Andrew Drake, P.E.
Vice President, Asset Integrity