



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

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

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

OVERNIGHT EXPRESS MAIL

April 06, 2012

Mr. Jimmy D. Staton
Executive Vice President & CEO
NiSource Gas Transmission & Storage
801 E. 86th Ave
Merrillville, IN 46410

CPF 1-2012-1009

Dear Mr. Staton:

On October 5, 2010 and June 3, 2011, representatives of the West Virginia Public Service Commission (WV PSC) acting as agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Columbia Gas Transmission Corporation (CGT) SM-80 facilities in WV, and records in Charleston, WV.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §191.5 Telephonic notice of certain incidents**
 - (a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.**

CGT failed to make a telephonic report of an incident on pipeline SM-80 work order B521584 (repair leak) at the earliest practicable moment following discovery.

An incident that occurred on 7/16/2008 was not reported to the National Reporting Center (NRC). CGT had to blow down more than \$50,000 of gas as a result of their crew hitting a consumer tap line operating at about 693 psig. In order to stop the resulting leaking gas, and make repairs on the damaged consumer tap line, CGT blew down a portion of the 30 inch transmission line that feeds the consumer tap line.

In subsequent information requests from the WV PSC, CGT provided information indicating a cost of lost gas of \$106,544 total for the leaking gas from the damaged consumer tap line, and from purging the section of the 30 inch gas transmission line.

2. § 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.

CGT failed to follow its Operation and Maintenance (O&M) procedure 200.01.02 section 3.4 that requires identification tags on emergency valves.

The CGT pipeline SM - 80 Martha valve setting had no identification tags on following critical valves.

1. One main line valve.
2. Two by pass valves.
3. Two blow down valves.

CGT said they were not sure how long the tags were missing. The identification tags were installed prior to the completion of the WV PSC inspection.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 \$32,500 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$32,500

Warning Items

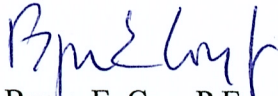
With respect to item 2, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Be advised that failure to do so may result in CGT being subject to additional enforcement action.

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. Be advised that all material you submit in response to this enforcement action is subject to being 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). If you do not respond within **30** days of receipt of this Notice, this 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 1-2012-1009** on each document you submit, and please whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,



Byron E. Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

Cc: Mr. David Hippchen, WV PSC