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NOTICE OF PROBABLE VIOLATION PROPOSED CIVIL PENALTY and PROPOSED COMPLIANCE ORDER

UPS OVERNIGHT DELIVERY

October 13, 2010

Mr. Jeffrey L. Barger, Senior V.P. Dominion Transmission, Inc. 445 West Main Street Clarksburg, WV 26301

CPF 1-2010-1008

Dear Mr. Barger:

On July 18, 2006, inspectors from the West Virginia Public Service Commission (WV PSC), acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code conducted an investigation into the incident that occurred on July 18, 2006, at the Dominion Transmission Regulating Station XS-2125 near the Mitchell Power Plant near New Martinsville, West Virginia.

At approximately 9:30 am, on July 18, 2006, a rupture was reported on a plastic pipeline owned and operated by Dominion Hope Gas, Inc., near the Mitchell Power Plant near New Martinsville, West Virginia. The primary cause of the rupture was due to the closure of valves at the Dominion Transmission regulating station XS-2125 upstream of the incident location. Dominion Transmission employees were preparing the station for sandblasting/painting and closed valves located on the pressure sensing lines to the regulators. The closure of these valves resulted in the downstream line being over-pressured, resulting in a rupture of the plastic pipeline.

1. §192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

The operator failed to ensure through evaluation that the individuals performing covered tasks, Regulator Bypass and Operation of M&R Station, at regulator station XS-2125 on July 18, 2006, were qualified.

The operator was unable to provide records, as required under §192.807 of the code, to demonstrate that the individuals had qualifications pertaining to these two tasks. Section §192.805(b) requires that records supporting an individual's current qualification shall be maintained while the individual is performing the covered task.

Qualification records for the two employees do not show that they were qualified to bypass a regulator (OQ-026-GL) or to operate an M&R station (OQ-027-GL) in accordance with Dominion's Operator Qualification Procedures. Section 192.805(c) allows individuals that are not qualified to perform a covered task if directed and observed by an individual that is qualified. However, based on direct interviews, neither individual was directed or observed by a qualified individual in performing the covered tasks that contributed to the incident.

2. §192.199 Requirements for design of pressure relief and limiting devices.

(h) Except for a valve that will isolate the system under protection from its source of pressure, be designed to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure limiting device inoperative.

The operator failed to provide a means to prevent the unauthorized operation of the stop valves located on the regulator pressure sensing lines at regulator station XS-2125.

During the field investigation at regulator station XS-2125, it was noted that there were no locks or other means to prevent unauthorized operation of the regulator sensing line valves. The stop valves, located on the pressure sensing lines of the regulators in station XS 2125 were not designed to prevent unauthorized operation.

3. §199.225 Alcohol tests required.

(a) Post-accident.

(2)(i) If a test required by this section is not administered within two hours following the accident, the operator shall prepare and maintain on file a record stating the reasons the test was not promptly administered. If a test required by paragraph (a) is not administered within eight hours following the accident, the operator shall cease attempts to administer an alcohol test and shall state in the record the reasons for not administering the test.

The operator failed to administer alcohol tests within 2 hours of the incident and therefore is required under Section 199.225(a)(2)(i) to prepare and maintain a record stating the reasons the test was not promptly administered. The operator was unable to provide this record to show compliance with Section 199.225(a)(2)(i) of the code.

Test records show that the Alcohol tests, for the two employees involved in the incident, were administered at the Wetzel County Hospital in New Martinsville, WV, at 2:06 PM and 2:11 PM. According to the NRC report #804551 and the Failure Investigation Report submitted by the West Virginia Public Service Commission, the time of the incident was 9:30AM. Based on this information, the Alcohol tests were not administered within 2 hours of the incident.

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 \$185,600 as follows:

Item number	PENALTY
1	\$ 85,600
2	\$100,000

Warning Items

With respect to item $\underline{3}$ 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 item(s). Be advised that failure to do so may result in Dominion Transmission, Inc. being subject to additional enforcement action.

Proposed Compliance Order

With respect to item number 2, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Dominion Transmission, Inc. 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. 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.

In your correspondence on this matter, please refer to **CPF 1-2010-1008** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: Proposed Compliance Order Response Options for Pipeline Operators in Compliance Proceedings

Cc: WV PSC Michael Yazemboski (PHMSA ER)

CPF 1-2010-1008

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Dominion Transmission, Inc. a Compliance Order incorporating the following remedial requirements to ensure the compliance of Dominion Transmission, Inc. with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to Section §192.199 and the requirements for design of pressure relief and limiting devices, the operator must complete the following:

A. Install a device/s on the sensing line stop valves at regulator station XSN2125 to prevent the unauthorized operation of the regulator stop valves.

B. Modify appropriate inspection form/s and procedures to require verification during inspections that pressure limiting or pressure relief devices are designed and installed to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure limiting device inoperative.

2. Dominion Transmission must complete the requirements outlined in this Compliance Order within 180 days of receipt of the Final Order. All documentation demonstrating compliance with each of the items outlined in this order must be submitted to the Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration for review.

3. Dominion Transmission shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.