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July 21, 2009

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Byron Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
Mountain View Ofc. Park
820 Bear Tavern Road Suite 306
West Trenton, NJ 08628

Re: CPF 1-2009-1004W

Dear Mr. Coy:

In May, 2008, representatives from the Pipeline and Hazardous Materials Safety Administration ("PHMSA") and the New York Public Service Commission ("NYPSC") inspected Texas Eastern Transmission, LP's ("TETLP") facilities in Hanover, New Jersey and Staten Island, New York. During this inspection, PHMSA and NYPSC identified three (3) issues as probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. On May 14, 2009, PHMSA issued a Warning Letter addressing these three (3) issues. This letter is TETLP's response to the three (3) issues identified by PHMSA and NYPSC.

1. §192.467 External corrosion control: Electrical isolation.

- (c) Except for unprotected copper inserted in a ferrous pipe, each pipeline must be electrically isolated from metallic casings that are a part of the underground system. However, if isolation is not achieved because it is impractical, other measures must be taken to minimize corrosion of the pipeline inside the casing.**

PHMSA Allegation

"TETCO has a shorted casing in Linden, NJ (MP 1469.7 to 1473.8) in a Class 3 area. TETCO's written procedures require that the shorted casing be leak surveyed quarterly, not to exceed 4 months. TETCO twice exceeded the 4-month interval: July 25 to December 1, 2006 and December 1, 2006 to April 3, 2007.

The probable violation is based on TETCO's Pipeline Patrol and Leak Survey Reports for the specified time periods."

TETLP Response

TETLP acknowledges that the leak surveys for the shorted casing in Linden, New Jersey exceeded the 4-month interval allowed by TETLP Standard Operating Procedure (“SOP”) 1-6010, “Pipeline Patrol and Leakage Survey Frequency Criteria”, on the two (2) occasions noted during the inspection. As a result of this finding, the Area Manager has reviewed the procedures with Area personnel and has coached them in the necessity to stay compliant with all Standard Operating Procedures and required time intervals. In addition, Area supervision has routinely conducted morning discussions on the need to stay within the required inspection intervals.

2. §192.727 Abandonment or deactivation of facilities.

- (c) Except for service lines, each inactive pipeline that is not being maintained under this part must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.**

PHMSA Allegation

“At the Hanover, New Jersey compressor station, there are two Pratt and Whitney compressor units which TETCO has not operated since 2002. It is our understanding that TETCO is planning to remove these compressors from service and has not performed valve maintenance on the suction and discharge valves associated with these compressor units since 2002 due to the pending abandonment of these facilities. Since these pipeline facilities have been inactive and not maintained since 2002, TETCO should have disconnected the compressor units from all sources and supplies of gas, purged the inactive facilities, and sealed at the ends.

This probable violation is based upon the valve/regulator testing sheets for the years 2006 and 2007.”

TETLP Response

As described above, the Pratt and Whitney compressor units have been inactive since 2002. During this time these units were blown-down to atmospheric pressure and isolated from any pressurized piping by closing the unit isolation valves. These unit isolation valves were also locked-out by way of the unit control system.

TETLP has disconnected the inactive compressor units from all sources of gas by removing the unit valves and installing blind flanges. The compressor units and unit piping have been purged of gas. Isolation and purging were completed on June 24, 2009. TETLP submitted a filing with the Federal Energy Regulatory Commission (“FERC”) on

June 11, 2009 for abandonment of these compressors. Full abandonment of these compressor units will be completed after receipt of FERC authorization.

3. §192.727 Abandonment or deactivation of facilities.

(g) For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility....

The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

PHMSA Allegation

“Between July 15 and July 19, 2002, TETCO abandoned a pipeline underlying the navigate waterway, Arthur Kill, in the states of New Jersey and New York. The pipeline was Line 1R, a transmission line 0.46 miles in length. This abandoned pipeline was not reported to PHMSA as required by the regulation.

The evidence for the probable violation is the operator’s Pipeline Deactivation Report.”

TETLP Response

TETLP submitted notification of the abandonment of Line 1R in the Arthur Kill River on June 17, 2009. TETLP has initiated a revision to its SOP 1-3040, “Changing Pipeline Service Status”, to provide specific guidance for notification to PHMSA when a pipeline is abandoned offshore or in commercially navigable waters.

Please feel free to call me at (713) 627-6388 if you have any questions or would like to discuss these issues in more detail.

Sincerely,



Rick Kivela
Director, Operational Compliance

cc: Stephen Gliebe, P.E. (PHMSA)