



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

409 3rd Street, SW, Suite 300
Washington, DC 20024

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 7, 2008

Mr. Norman J. Szydlowski
President and Chief Executive Officer
Colonial Pipeline Company
1185 Sanctuary Parkway, Suite 100
Alpharetta, GA 30004-4738

CPF 1-2008-5002

Dear Szydlowski:

From February through April 2007, representatives from the Virginia State Corporation Commission (VA SCC) acting as Agents of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Colonial Pipeline's (Colonial) approximately 2.5 mile pipeline extension construction project to the Dulles International Airport in Virginia.

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. **§195.202 Compliance with specifications or standards**

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

1A. On April 11, 2007 at the Dulles Pipeline Expansion Project, the VA SCC inspector observed and documented that the contractor for Colonial was not properly grounding the holiday detector when examining the pipe coating for holidays.

The holiday detector instrument used for the project required proper grounding in order to detect holidays in the pipeline coating. Re-examination of the pipe revealed holidays initially undetected that were subsequently repaired.

1B. On February 27, 2007 the VA SCC inspector observed and documented at the Dulles Pipeline Expansion Project that the contractor for Colonial was not following the proper coating repair procedures as specified by the coating repair manufacturer. This was observed again on March 7, 2007.

After bringing this concern to the Colonial Construction Manager's attention on March 1, 2007, the VA SCC inspector again on March 7, 2007 observed incorrect coating repair procedures being performed by the contractor for Colonial. In addition, Colonial did not include the repair method being used in their written procedures for the Dulles Pipeline Expansion Project. Tests performed on the pipeline coating to determine the integrity of the coating repairs showed that the repairs did not bond properly to the pipe.

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 violations and has recommended that you be preliminarily assessed a civil penalty of \$70,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1A	\$35,000
1B	\$35,000

Proposed Compliance Order

With respect to items 1A and 1B pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Colonial. 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 1-2008-5002** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mark F. Werderoff

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

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 1A and 1B of the Notice pertaining to compliance with specifications or standards:
 - Conduct a close-interval survey (CIS) and a Direct Current Voltage Gradient (DCVG) survey or an Alternating Current Voltage Gradient (ACVG) survey of the pipeline to check for coating holidays. A CIS and a DCVG/ACVG of the pipeline should take into consideration any effects of ground stabilization from the time the pipeline was backfilled.
 - Excavate and examine all survey indications that correspond to possible large coating holidays (severe per GTI ECDA Protocol Rev 4 Severity table below), to correct any undetected coating damage. Subsequent surveys should show no large coating holidays remaining after the initial assessment.
 - Evaluate DCVG or ACVG coating survey results as follows:
 - The threshold survey indication values are **50% IR** for DCVG and **70dB μ V** for ACVG. These values represent the severe category in the severity classification used to characterize survey indications in the GTI External Corrosion Direct Assessment (ECDA) Protocol Rev 4.

GTI ECDA Protocol Rev 4 Severity Table

Tool	Severity of Measurement Amplitude Change of Indication (In Units of Measurement Resolution see Table 4.4.2)		
	MINOR	MODERATE	SEVERE
CIS (impressed current system)	Small Dips, on & off potentials both are more negative than -0.850 V	Medium Dips, on potential more negative than -0.850 V off potential not more negative than -0.850 V	Large Dips, on & off potentials, both not more negative than -0.850 V
DCVG	1-35%	35-50%	50-100%
PCM (EM, AC Atten.)	1-30%	30-50%	50-100%
PCM A-Frame (ACVG)	30-50 dB μ V	50-70 dB μ V	> 70 dB μ V (2 ft intervals around defect)

- Colonial will submit a proposed remediation plan to PHMSA for indications found above the threshold values.
 - Colonial will conduct a calibration dig on at least one anomaly that is classified as minor and moderate, to ensure findings not in the remediation plan are not detrimental to the pipeline.
 - Monitor CP current requirements to determine if there are other coating issues with the pipeline. Any significant change in CP requirements, such as 10% to 20% overall increase, will trigger a follow up investigation. Test stations will be available to facilitate monitoring.
 - Submit to PHMSA a summary report with coating evaluation survey results and excavation/remediation results.
2. All the above mentioned remedial items must be completed within 120 days of receipt of a Final Order.
 3. Colonial Pipeline shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, PE, 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.