



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

233 Peachtree Street Ste. 600
Atlanta, GA 30303

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 10, 2008

Mr. Charles Rawson
Vice President Gas Operations
AGL Resources
Ten Peachtree Place
Atlanta, Georgia 30309

CPF 2-2008-3001W

Dear Mr. Rawson:

On June 9-12, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code, inspected your Chattanooga Gas Company liquefied natural gas (LNG) facility in Chattanooga, Tennessee.

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 violation(s) are:

1. 193.2613 Auxiliary power sources.

Each auxiliary power source must be tested monthly to check its operational capability and tested annually for capacity. The capacity test must take into account the power needed to start up and simultaneously operate equipment that would have to be served by that power source in an emergency.

Chattanooga Gas uses a software document management system to schedule and track maintenance and operational activities. The system produces a work order form which has a target date for completing the monthly inspection. Work order records for 2007 did not have a completion date for the months of May, June and October. Completion of the monthly test was verified by other field records. Chattanooga Gas needs to properly record the completion date for monthly testing on the work order.

2. **193.2619 Control systems.**

(e) Relief valves must be inspected and tested for verification of the valve seat lifting pressure and reseating.

The 2006 relief valve inspection records indicated that valves for the LNG transfer to truck loading system were tested in December of 2007. Records for 2007 indicated that all relief valves were inspected and tested as required in November 2007. The records were not clear about the date when the valves for this system were tested and replaced. The operational logs verified that the LNG transfer system to truck loading was taken out of service in November 2006 due to bad hose lines. The lines were replaced in April of 2007 returning the system back to service. Chattanooga Gas needs to properly record the date when a relief valve is tested or replaced to ensure that proper inspection intervals are maintained.

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. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. 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 correct the item(s) identified in this letter. Failure to do so will result in Chattanooga Gas Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2008-3001W**. 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).

Sincerely,



Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration