



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
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

OVERNIGHT EXPRESS MAIL

May 7, 2012

William T. Kilpatrick
NiSource Gas Transmission & Storage
Vice President Operations
1700 MacCorkle Avenue, SE
Charleston, WV 25314

CPF 1-2012-1012

Dear Mr. Kilpatrick:

During the week of September 19-23, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Columbia Gas Transmission (Columbia) system in the Port Jervis area of Pennsylvania.

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

1. **§192.481 Atmospheric corrosion control: Monitoring.**
(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

In a review of Columbia's atmospheric corrosion procedures and records spanning the period 2008 through the 2011, PHMSA inspectors found that Columbia failed to give particular attention to those portions of the pipeline under thermal insulation. In visits to the Easton and Hellertown Compressor Stations, there was piping and other pipeline facilities, encased in thermal insulation, as evidenced in photos taken at those sites.

Columbia's atmospheric corrosion procedures state that any insulation where corrosion has been found during the last inspection or where corrosion is likely to occur must be removed and that Columbia must record what insulation was removed during the inspection. Columbia did not have:

- a. General guidance or specific prescribed locations in the procedures advising staff of where corrosion would likely occur.
- b. Any records of insulation removed. In conversations with the field staff, Columbia personnel indicated that they do not remove insulation during its AC 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 \$28,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$28,700

Proposed Compliance Order

With respect to item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Columbia. 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.

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 1-2012-1012** 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 Coy, PE
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 Columbia Gas Transmission (Columbia) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Columbia with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice, pertaining to monitoring atmospheric corrosion on piping under thermal insulation, Columbia shall modify its written Procedure 70.001.001 Section 2.5 to provide specific details on how they will give particular attention to monitoring atmospheric corrosion on piping under thermal insulation at the Easton and Hellertown Compressor Stations. The revised procedures must be submitted to PHMSA for review and approval and then the final approved procedure shall be implemented. Any necessary remediation to be performed via Columbia's established maintenance procedures shall be completed in accordance with those procedures.
2. The revised written procedures shall be completed within 30 days of receipt of the Final Order. Implementation of the activities required by the procedures shall be completed within 120 days of receipt of the Final Order.
3. It is requested (not mandated) that Columbia maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs 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.