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RECEIVED JUN 08 2012

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June 7, 2012

Byron E. Coy, PE
Director, Eastern Region
United States Department of Transportation
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628

RE: Response to Notice of Probable Violation and Proposed Civil Penalty CPF 1-2012-1012

Dear Mr. Coy:

This letter is provided on behalf of Columbia Gas Transmission, LLC by NiSource Gas Transmission and Storage (NGT&S) in response to Notice of Probable Violation and Proposed Civil Penalty, CPF 1-2012-1012 ("NOPV"), which was dated May 7, 2012, and received by NGT&S on May 10, 2012. One item was noted in the NOPV and a civil penalty of \$28,700 was proposed. The item raised related to a perceived deficiency in our procedures, and was not due to a violation of an explicit requirement in 49CFR Part 192. As shown in this correspondence, over the past several years, NGT&S has taken several actions to aggressively address the issue noted in the NOPV, including improving our procedures. As a result, and in accordance with Section I(a)(3) of the Response Options for Pipeline Operators in Compliance Proceedings, NGT&S submits this response letter to address the issue raised and respectfully request removal of the proposed civil penalty.

The following communication addresses both the findings detailed within the NOPV and the requirements specified in the accompanying Compliance Order. We believe that the actions we have taken, and the documentation we are providing, fully addresses the issues raised in the NOPV and we request confirmation that the NOPV and Compliance order are closed.

Details for addressing the individual items noted in the NOPV are outlined below. The language from the NOPV is provided in bold, followed by a brief description of actions taken by NGT&S to resolve the respective item.

1. **§191.481 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

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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.

NGT&S Response:

Following the PHMSA audit, NGT&S upgraded its procedures to provide more detail concerning the inspection for atmospheric corrosion under insulation. In February of 2011 atmospheric training was completed for over 50 corrosion personnel that included discussion of the requirements for inspection of pipe under insulation (see Attachment A). Shortly thereafter, on March 9, 2011, NGT&S included procedures further describing the steps to follow for atmospheric inspections under insulation along with requirements for the capture of data for such inspections. The improvements were included in procedure 70.001.001 Inspection – Atmospheric Corrosion (see Attachment B). In addition, NGT&S undertook an initiative to install inspection plugs at strategic locations at areas where atmospheric corrosion has been or is likely to be found, such as at interface areas, the lower portion of vertical piping and vessels, and other areas that are conducive to moisture. These inspection plugs consist of cutting a hole in the insulation and inserting an extension sleeve for material separation. A plug flange with a plug is installed, which can be removed to allow inspection of the surface for signs of atmospheric corrosion. Once the atmospheric inspection is completed, the plug can then be inserted in the plug flange after the inspection. To date, over 150 plugs have been installed, with additional installations ongoing and planned. Since the inspection, over 4,400 feet of insulation has been removed in the course of performing atmospheric inspections and related mitigation work.

In the NOPV, pipe was specifically referenced at Easton and Hellertown compressor stations. These pipes are located in covered areas inside of buildings, which are areas that were not considered prone to corrosion. When Columbia personnel indicated that they do not remove insulation during the atmospheric inspection, they were specifically referring to the areas noted at Easton and Hellertown, and were not referring to a standard practice for all insulated pipe.

Even though the personnel performing inspections at Easton and Hellertown had determined that corrosion was not likely to occur in the areas referenced in the NOPV, following the PHMSA inspection, insulation was completely removed and inspections were completed on September 28, 2011 at Hellertown and December 13, 2011 at Easton. The work at Easton required additional time to complete due to asbestos sampling required of the insulation. NGT&S also initiated a review of inspections at other compressor stations in PA, MD and VA. In addition, following the PHMSA inspection in 2011, an operational alert was issued to all Operations Directors, Managers & Corrosion Engineering Personnel to ensure that adequate attention was being given to the inspection of pipe under insulation.

NGT&S has further improved O&M Plan 70.01.01, External Corrosion Control, following the guidance provided in the NOPV. Additional instructions have been added to identify where corrosion is likely to occur under insulation. A copy of the revised plan is included in Attachment C. NGT&S has also updated Procedure 70.001.001, Inspection – Atmospheric Corrosion to provide specific details for monitoring atmospheric corrosion on piping and gas bearing vessels under thermal insulation. A copy of the revised procedure is included in Attachment B.

The cost to date associated with fulfilling this Compliance Order is approximately \$250,000. This cost includes the preparation/revision of plans and training (\$100,000), and the cost for inspection plugs, insulation material, and associated labor (\$150,000).

NGT&S believes that the actions taken and the documentation that we have provided fully address the issues raised in the NOPV and Proposed Compliance Order. We respectfully request the removal of the proposed civil penalty from a final order and subsequently request the closure of the order.

If you have any questions, please feel free to contact me.

Sincerely,



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