

Via E-mail and UPS Overnight

January 16, 2013

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

**RE: Response of Iroquois Pipeline Operating Company
Notice of Probable Violation, Proposed Civil Penalty and Proposed
Compliance Order, CPF No. 1-2012-1026**

Dear Mr. Coy:

Iroquois Pipeline Operating Company ("Iroquois") respectfully submits the attached response to the above-referenced Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order ("Notice") issued by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") on December 18, 2012.

The Notice concerns a routine inspection of the Iroquois-operated gas transmission pipeline and records by PHMSA's agent, the New York State Department of Public Service ("NYSDPS") on July 11-15, 2011. In its attached response, Iroquois offers explanations and information regarding the items in the Notice and requests that PHMSA modify the terms of the Proposed Compliance Order to provide Iroquois with adequate time to complete the installation of additional line markers in light of the current winter weather and soil conditions on the pipeline. Iroquois does not contest the allegations in the Notice and has paid the penalty via wire transfer.

Iroquois is committed to the safety of its pipeline facilities, and appreciates the feedback provided by the NYSDPS inspectors during the inspection. Immediately after the 2011 inspection, Iroquois began to address this feedback and we have made improvements to the company's practices related to the items in the Notice. Iroquois personnel work hard each day to safely operate and maintain the pipeline and we will continue to do so.



Please contact me at 203-925-7267 if you have any questions about Iroquois' response.

Respectfully submitted,

Paul R. Amato

CC: Mr. Kevin Speicher, Chief, Safety Section, Office of Electric, Gas and Water,
New York State Department of Public Service
3 Empire State Plaza,
Albany, NY 12223

Ms. Kristin Baldwin, Esq., Office of Chief Counsel, PHMSA
U.S. DOT, 1200 New Jersey Avenue, E26
Washington, DC 20590

Attachment: Iroquois Response



**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C.**

In the Matter of)	
)	
Iroquois Pipeline Operating Company,)	CPF No. 1-2012-1026
)	
Respondent.)	

RESPONSE OF IROQUOIS PIPELINE OPERATING COMPANY TO NOTICE OF PROBABLE VIOLATION, PROPOSED CIVIL PENALTY AND PROPOSED COMPLIANCE ORDER

**To: Byron E. Coy, P.E.
Director, Eastern Region**

A. Background

Pursuant to 49 C.F.R. § 190.209, Iroquois Pipeline Operating Company (“Iroquois”) submits this written response to the Notice of Probable Violation, Proposed Civil Penalties and Proposed Compliance Order (“Notice”) in the above-referenced matter. The Notice arose from a routine inspection of the Iroquois Gas Transmission System (“IGTS”) pipeline facilities and records by the Pipeline and Hazardous Materials Safety Administration’s (“PHMSA”) agent, the New York State Department of Public Service (“NYSDPS”) on July 11-15, 2011.

Iroquois operates the 416-mile IGTS interstate natural gas pipeline on behalf of its parent company, Iroquois Gas Transmission System, L.P., a limited partnership of five U.S. and Canadian energy companies. The IGTS pipeline brings gas to capacity-constrained Northeastern and New England markets and extends from the U.S.-Canadian



border at Waddington, NY, through New York State and western Connecticut to its terminus in Commack, NY, and from Huntington to the Bronx, NY.

Iroquois is committed to the safe operation of the IGTS pipeline facilities. Since beginning operations in 1991, Iroquois has had an excellent safety record, with no significant reportable incidents. Iroquois appreciates the feedback provided by the NYSDPS inspectors during the inspection. Immediately after the 2011 inspection, Iroquois began to address this feedback and we have made improvements to the company's practices related to the items in the Notice. Iroquois undertook additional efforts after receiving the Notice. Iroquois personnel work hard each day to safely operate and maintain the pipeline and we will continue to do so.

B. Discussion

Iroquois does not contest the allegations in the Notice and has paid the proposed civil penalty in full in accordance with the wire transfer procedures set out in 49 C.F.R. 190.227. Iroquois offers the following information in explanation of the allegations and respectfully requests that PHMSA modify the Proposed Compliance Order related to Item 2 in order to provide Iroquois with adequate time to complete the installation of additional line markers in light of current winter weather and soil conditions along the pipeline.

Item 1

Iroquois does not contest PHMSA's allegation regarding a record of an internal corrosion inspection at the New Bremen metering station under 49 C.F.R. §§ 192.475(b) and 192.491(c). During the meter replacement at Iroquois' New Bremen metering station, company personnel removed, cleaned and re-installed a short section of 4-inch piping from the meter run. Iroquois recognizes the need to document an internal corrosion inspection for any pipe removed from its system. Shortly after the inspection, on July 22, 2011, Iroquois provided training for its field employees in performing and documenting internal inspections when pipe is removed from the system. A dated copy



of the sign-in sheet from this training, as well as the corrosion control procedure that was reviewed at the meeting is attached to this response.

Although Iroquois fully recognizes the need to document internal corrosion inspections, the company notes that there was little or no safety risk associated with the New Bremen station meter piping. The meter piping that was temporarily removed is at a very low risk of internal corrosion in that: 1) the gas that Iroquois transports is predominantly of Canadian origin and is extremely dry by the time that it reaches the IGTS; 2) the pipe that was removed was an above ground horizontal section of pipe connected to vertical piping off the top of a meter station header where it is very difficult for any moisture or other materials to collect; and 3) the section of pipe is internally coated with a fusion bonded epoxy.

Item 2

Iroquois does not contest the allegation in Item 2 concerning the placement of line markers pursuant to 49 C.F.R. § 192.707. Iroquois recognizes the importance of adequate line markers on the IGTS. While the IGTS is well-marked, there are areas along the pipeline that would benefit from additional markers. Immediately after the inspection, Iroquois installed additional line markers in areas noted by the NYDPS inspector. In addition, upon receipt of the Notice, Iroquois initiated a program in which two teams of operations personnel walk the pipeline between the St. Lawrence and the Mohawk River and are installing additional line markers as necessary over the pipe centerline. The marking teams employ a line-of-sight method, where it is practical to do so, to determine where to place additional markers. These teams work when weather and soil conditions permit.

To date, Iroquois marking teams have installed approximately 70 additional markers along approximately 35 miles of pipeline right-of-way. Winter weather and frozen soil conditions along the Northern portion of pipeline, which is the portion at issue in the Notice, may complicate these efforts. When weather and ground frost becomes a



problem, Iroquois plans to pause the marker installation program until springtime. Iroquois plans to resume in late-March to early-April, depending on weather and soil conditions. At that time we anticipate that it will take an additional 90 days to complete walking the portion of the line at issue in the Notice and the installation of additional line markers.

To enable Iroquois to complete and document the installation of additional line markers, in light of winter weather and soil conditions, the company respectfully requests modification of Item 2 of the Proposed Compliance Order as follows:

2. IPOC must submit documentation that demonstrates it has completed the installation of the pipeline line markers along the pipeline from the St. Lawrence River Crossing to the Mohawk River Crossing, as noted in item #1 above, by June 28, 2013 or within 90 days of receipt of the Final Order, whichever date is later.

Iroquois believes that this minor modification is appropriate because it will allow the company to complete the addition of markers in a reasonable time, while avoiding the personnel hazards and impracticality associated with walking the line and installing markers in deep snow and frozen soil.

Finally, it should be noted that Iroquois is fully committed to reducing the possibility of third party damage to or interference with the IGTS. In that regard, Iroquois actively participates in the New York, Connecticut and Long Island one call programs and is a board-level member in Connecticut and Long Island. Iroquois also patrols its pipeline weekly - a frequency that is substantially greater than the mandated one to four times per year.

C. Conclusion

Iroquois appreciates the opportunity to provide information in response to the Notice, and reiterates its commitment to pipeline safety. Iroquois looks forward to



continuing to work with PHMSA and NYDPS staff on pipeline safety matters. Please contact me at 203-925-7267 if you have any questions about this response.

Respectfully submitted,

Paul R. Amato
Vice President, Engineering & Operations
Iroquois Pipeline Operating Company
1 Corporate Drive, Suite 600
Shelton, CT 06484

CC: Mr. Kevin Speicher, Chief, Safety Section, Office of Electric, Gas and Water,
New York State Department of Public Service
3 Empire State Plaza Albany, NY 12223

Ms. Kristin Baldwin, Esq., Office of Chief Counsel, PHMSA
U.S. DOT, 1200 New Jersey Avenue, E26
Washington, DC 20590

Attachments: July 22, 2011 Internal Corrosion Inspection Training Sign-In Sheet
Iroquois corrosion control procedure
Wire transfer transaction detail report

**IROQUOIS
ATTENDANCE
ROSTER**

Meeting: 2011 E & O Meeting

Presented/hosted by: FOP 459-AOI / Marlon Jeyawardena

Location: Albany, NY

Date 7/28/2011

Time 10:30 AM

PRINT NAME

PRINT NAME

1. JEFF STOCKWELL
2. Spencer H. Robinson
3. Sandra Savell
4. Roy Rioux
5. Anthony Tuccillo
6. E P Ambruzo
7. Brian Sydow
8. Glenn Mastmann
9. Jim Pungis
10. Mike Preston
11. Paul R Amato
12. Mike Kinik
13. Chris Preston
14. A.J. WATTAMINKU
15. Don Tine

16. Rich Zawatzki
17. Mary Ann Miller
18. John Cieslak
19. Patricia M. McDonnell
20. TODD GIARDINA
21. Nate Pensero
22. Douglas Earle
23. Michael Carrington
24. John Keefe
25. Ralph Krohne
26. ERIK SALVUCCI
27. Ryan Soler
28. Frank V. Scotten
29. Pradeep Jhangiani
30. Tom Bashaw



INTERNAL AND EXTERNAL CORROSION INSPECTION

1. SCOPE

1.1 This procedure covers internal corrosion monitoring, inspections, and examination of buried pipelines when exposed.

2. PERSONNEL SAFETY

2.1 Refer to the Company Health and Safety Procedure Manual.

3. NOTIFICATIONS

3.1 Refer to sections 6.1, 6.2, 6.3, and 7 of this document for notification requirements.

4. EQUIPMENT AND MATERIALS

4.1 No specialized equipment or material is needed.

5. REFERENCES

Document No.	Document Name
49 CFR 192.459	External Corrosion Control: Examination of Buried Pipeline When Exposed
49 CFR 192.475	Internal Corrosion Control: General
485-A-01	Remedial Measures, Transmission Lines
613-A-01	Continuous Surveillance
613-C-01	Integrity Monitoring & Maintenance Plan

6. INSTRUCTIONS

6.1 MONITORING FOR INTERNAL CORROSION

6.1.1 Iroquois monitors Moisture, Sulfur, H₂S, Nitrogen, CO₂ and Oxygen continuously on our SCADA system. Limits have been set to comply with our Operating Tariff. The limits are as follows:

- Moisture - not to exceed 4lbs/MMcf
- Total Sulfur - not more than twenty grains total sulfur per Ccf.
- Hydrogen Sulfide(H₂S) - One grain per CCF
- Oxygen - Two-tenths of one percent by volume.
- Carbon Dioxide (CO₂) and Nitrogen - 4% by volume combined. Carbon Dioxide shall not exceed 3% by volume.

6.1.2 If at any time a preset limit is exceeded an alarm is generated in the SCADA system. Notifications to the upstream Operator will be made and the limits will be brought back in to acceptable range or the supply may be shut off.

6.2 INTERNAL CORROSION INSPECTIONS

6.2.1 Whenever any portion of the pipeline is removed for any reason, or whenever any pipeline is opened such that the internal surface can be inspected, the internal surface shall be examined for evidence of corrosion. If internal corrosion is found:

- The adjacent pipes shall be investigated to determine the extent of internal corrosion.
- Replacement shall be made as required by Field Ops Procedure 485-A-01.
- Steps shall be taken to minimize the internal corrosion.

6.2.2 In addition, whenever any pipeline is opened for maintenance or inspection (i.e. Meter removal, inline inspection, etc.), an inspection shall be made for moisture in the pipeline. If moisture is discovered samples should be sent to the Environmental Department for testing and Engineering Services shall be notified.

6.3 EXAMINATION OF BURIED PIPELINE WHEN EXPOSED

6.3.1 Whenever it is known that any portion of a buried pipeline is exposed, the exposed portion shall be examined for evidence of external corrosion or deterioration of the external coating.

6.3.2 If external corrosion is found, remedial action shall be taken in accordance with Field Ops Procedure 485-A-01. Investigation of the area shall extend circumferentially and longitudinally beyond the exposed portion by 10 foot increments, using visual examination, indirect method, or both, to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

6.3.3 If the coating is found to be disbonded on a buried pipeline operating at or above 30 percent SMYS, the pipeline shall be inspected for stress corrosion cracking (SCC). Contact the Engineering Services Department and notify them of the situation immediately. The SCC inspection shall be performed using Fluorescent Dye Penetrant or Wet Magnetic Particle inspection whenever possible, in accordance with the Welding Manual. Further



INTERNAL AND EXTERNAL CORROSION INSPECTION

actions and evaluation shall be in accordance with Field Ops Procedure 485-A-01. If any fluid is found between the coating and the pipe wall, the pH of the fluid must be recorded.

6.3.4 Measure and record wall thickness in accordance with Field Ops Procedure 491-A-01. Measure wall thickness at least at three longitudinally separate locations, no more than 5 feet apart. At each longitudinal test location, 4 circumferential locations should be measured for wall thickness. Clock positions 12:00, 3:00, 6:00 and 9:00 facing downstream should be measured.

6.3.5 Measure and record pipe-to-soil potential by placing the reference electrode on the soil next to the pipe.

6.3.6 Obtain a soil sample and place it in a sealed plastic bag for laboratory testing. Identify the bag with MLV section, station # and date. Sample should be sent to Engineering Services in Shelton.

6.4 INTEGRITY MONITORING & MAINTENANCE PLAN

6.4.1 In addition to the activities outlined in this procedure, Iroquois also has an "Integrity Monitoring & Maintenance Plan" that uses various tools to inspect for deformation and metal loss throughout the pipeline. For more detailed information on our IM&M plan, refer to Field Ops Procedure 613-C-01.

7. DOCUMENTATION/REPORTING

7.1 For Internal Corrosion Monitoring: If Tariff limits are exceeded Engineering Services shall be notified via telephone, voicemail, and/or e-mail. It may also be necessary to notify downstream and upstream customers.

7.2 For Internal Corrosion Control: The condition of the internal pipe surface for each such exposure shall be reported on the Pipe Surveillance Report (PL-01). These reports shall be retained for the life of the pipeline.

7.3 The SCADA system has the ability to generate Gas Composition reports. Engineering Services reviews and archives the reports on a monthly basis. These reports are retained on site for five years.

7.4 For External Corrosion Control: The condition of the external pipe surface, the condition of the coating, and the pipe wall thickness for each such exposure is to be reported on the Pipe

Surveillance Report (PL-01). This report shall be retained for a minimum of 5 years.

7.5 The NDE testing of the SCC, if applicable, shall be recorded on the Pipe Surveillance Report (PL-01). This report shall be retained for a minimum of 5 years.

7.6 The original of the above reports shall be sent to the Engineering Services Department, and a copy shall be kept at the area office.

**Funds Transfer Initiation
Transaction Detail Report
By Last Entry Date, Status, and Amount
01/11/2013 - 01/11/2013**

Bank ID: 021000021

Account: USD 323063128
Acct Name: IROQUOIS GAS TRANSMISSION SYSTEM,L.

Tran Type: PAYMENT
Drawdown Ind:
Tran ID: 60322442

Confirmation No: 3889600011JO0000

Pay Method: FED

Clearing Ref: Pending

Value Date: 01/14/2013
Status: Released

Carmie Johnson
1/11/13

Payment Amount: USD 8,700.00

Cust Ref:
Bene Ref:

Beneficiary is a Bank: No
Debit Bank Chgs: Remitter

By Order:
Name:
Address:

Ultimate Bene: 021030004
Name: TREAS NYC/FUNDS TRANSFER DIVISION
Address: NEW YORK,NEW YORK
UNITED STATES
US

Bene Bank: ALC-69-14-0001
Name: U.S. TREASURY
Address:

Intermediary:
Name:
Address:

US

Bank Info:

Payment Detail: AC-PAYMENT FOR PHMSA CASE#1-2012-10

Last Entered By: G4309073
Last Entered On: 01/11/2013 02:15 PM ET

Last Approved By: G0580139
Last Approved On: 01/11/2013 02:28 PM ET

Released By: G0580139
Released On: 01/11/2013 02:28 PM ET