

February 05, 2016

Mr. Robert C. Skaggs, Jr., CEO
Columbia Gas Transmission, LLC
Columbia Pipeline Group
5151 San Felipe, Suite 2500
Houston, Texas 77056

Re: CPF No. 1-2015-1008

Dear Mr. Skaggs:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Columbia Gas Transmission, LLC. It makes findings of violation and assesses a civil penalty of \$61,900. It further finds that Columbia Gas Transmission, LLC has completed the actions specified in the Notice to comply with the pipeline safety regulations. When the civil penalty has been paid, as determined by the Director, Eastern Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Byron Coy, P.E., Director, Eastern Region, PHMSA OPS
Mr. Perry Hoffman, Manager - System Integrity, Columbia Gas Transmission, LLC
1700 MacCorkle Ave., SE, Charleston, West Virginia 25314

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

)	
In the Matter of)	
)	
Columbia Gas Transmission, LLC,)	
 a subsidiary of Columbia Pipeline Group,)	CPF No. 1-2015-1008
)	
Respondent.)	
)	

FINAL ORDER

On multiple occasions between June 24, 2014, and August 8, 2014, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Columbia Gas Transmission, LLC (Columbia or Respondent), at its Millennium Pipeline facilities in Sparrow Bush, New York. Columbia transports natural gas through nearly 12,000 miles of pipelines in the northeastern United States.¹

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated April 27, 2015, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Columbia had violated 49 C.F.R. §§ 192.455 and 192.605 and proposed assessing a civil penalty of \$61,900 for one of the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

Columbia responded to the Notice by letter dated May 26, 2015 (Response).² The company did not contest the allegations of violation but provided information concerning the corrective actions it had taken. Columbia also provided a second response by letter dated August 24, 2015 (Response 2) where it updated the Region on the actions it had taken in response to the Notice. Respondent did not request a hearing and therefore has waived its right to one.

¹ See <https://www.cpg.com/about-us>. At the time this case arose, Columbia Gas Transmission, LLC, was part of Columbia Pipeline Group, a subsidiary of NiSource, Inc. In July 2015, NiSource separated Columbia Pipeline Group into a stand-alone publicly traded company. See <https://www.nisource.com/about-us/creating-two-energy-infrastructure-companies> (last accessed October 16, 2015).

² By letter dated August 24, 2015, Columbia provided PHMSA with additional information on actions it had taken in response to the Notice.

FINDINGS OF VIOLATION

In its Response, Columbia did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.455(a), which states, in relevant part:

§ 192.455 External corrosion control: Buried or submerged pipelines installed after July 31, 1971.

(a) Except as provided in paragraphs (b), (c), and (f) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:

- (1) . . .
- (2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction.

The Notice alleged that Respondent violated 49 C.F.R. § 192.455(a) by failing to establish a cathodic protection system designed to protect a new buried pipeline within one year after the pipeline is placed into operation. Specifically, the Notice alleged that approximately 1,500 feet of large-diameter piping was newly installed for the Minisink compressor station on Respondent's Millennium Pipeline in Orange County, New York. The station was placed into operation on June 1, 2013, and during inspections on June 24-25, 2014, inspectors found inadequate cathodic protection for the new pipeline. When asked how they provided cathodic protection for the new pipeline, Columbia's operations manager indicated that the company had bonded the new piping to existing cathodic protection systems but planned to eventually provide separate cathodic protection at the station.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.455(a) by failing to establish a cathodic protection system designed to protect a new buried pipeline system within one year of the pipeline being placed into operation.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.605(b)(2), which states:

§ 192.605 Procedural manual for operations, maintenance, and emergencies.

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

- (1) ...
- (2) Controlling corrosion in accordance with the operations and maintenance requirements of subpart I of this part.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(b)(2) by failing to prepare and

follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. This includes procedures for controlling corrosion in accordance with the requirements of subpart I of 49 C.F.R. Part 192. Specifically, the Notice alleged that Columbia's *Procedure 70.01.0, External Corrosion Control, Section 3.2.1*, failed to require adequate external corrosion control for all buried or submerged pipe installed after July 31, 1971, in accordance with 49 C.F.R. § 192.455(a)(2), which is part of subpart I of 49 C.F.R. Part 192. Instead, Columbia's procedure only required external corrosion control for pipe "installed as a replacement section for a pipeline," not for newly-installed pipe.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.605(b)(2) by failing to prepare and follow for each pipeline a manual of written procedures for external corrosion control that met the requirements of subpart I of 49 C.F.R. Part 192.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a civil penalty of \$61,900 for one of the violations cited above.

Item 1: The Notice proposed a civil penalty of \$61,900 for Respondent's violation of 49 C.F.R. § 192.455(a), for failing to establish a cathodic protection system designed to protect a new buried pipeline within one year after the pipeline is placed into operation. Columbia neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Considering the importance of adequate cathodic protection and the fact that this is a repeat offense,³ I find that the penalty amount is justified. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$61,900 for violation of 49 C.F.R. § 192.455(a).

In summary, having reviewed the record and considered the assessment criteria for each of Item cited above, I assess Respondent a total civil penalty of **\$61,900**.

³ *In the Matter of NiSource Gas Transmissions and Storage Company*, CPF 1-2012-1014 (Dec. 21, 2012), Item 2.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, Oklahoma 73125. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$61,900 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 192.455, 192.605, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director has indicated that Respondent has taken the following actions to address some of the cited violations:

Columbia included cathodic protection test station readings and a map of test station locations in Attachments A and B of its response, related to Notice Item 1 and Proposed Compliance Order Item 1. PHMSA Eastern Region has reviewed the August 24, 2015 response and the additional cathodic protection actions Columbia has taken, and it appears the additional cathodic protection actions taken satisfied the requirements of Proposed Compliance Order Item 1.

Columbia included revised operations and maintenance (O&M) procedures in Attachment A of its Response related to Notice Item 2 and Proposed Compliance Order Item 2. PHMSA Eastern Region has reviewed those revised procedures, and it appears the revised procedures satisfy the requirements of Proposed Compliance Order Item 2.

Accordingly, I find that compliance has been achieved with respect to these violations. Therefore, the compliance terms proposed in the Notice for Item 1 and Item 2 are not included in this Order.

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 Mr. Byron Coy, PE, 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.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued