

DEC 29 2009

Mr. James C. Yardley, President
Southern Natural Gas Company
P.O. Box 2563
Birmingham, AL 35202-2563

RE: CPF No. 2-2003-1005

Dear Mr. Yardley:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$5,000. I acknowledge receipt of and accept payment dated April 5, 2003, in the amount of \$5,000, as payment in full of the civil penalty assessed in the Final Order. This case is now closed. Your receipt of the Final Order constitutes service of that document 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: Patrick B. Pope, Vice President & General Counsel, Southern Natural Gas Company
Linda Daugherty, Director, Southern Region, PHMSA

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [7009 1410 0000 2464 5836]

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

In the Matter of)
)
)
Southern Natural Gas Company,) **CPF No. 2-2003-1005**
)
Respondent.)

FINAL ORDER

Between August 12 and December 11, 2002, pursuant to 49 U.S.C. § 60117, a representative of the Research and Special Programs Administration (RSPA),¹ Office of Pipeline Safety (OPS), conducted an onsite safety inspection of the facilities and records of Southern Natural Gas Company (SNG or Respondent) in Mississippi, Alabama, Louisiana and Georgia. SNG, a subsidiary of El Paso Corporation, operates approximately 7,600 miles of natural gas transmission pipelines throughout the southern United States.

As a result of the inspection, the Director, Southern Region, OPS, issued to Respondent, by letter dated March 5, 2003, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that SNG committed various violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$5,000 for the alleged violations.

Respondent responded to the Notice by letter dated April 4, 2003 (Response). The company did not contest the allegations of violation but provided information concerning the corrective actions it had taken. Respondent did not request a hearing and therefore has waived its right to one.

¹ Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) was created to further the highest degree of safety in pipeline transportation and hazardous materials transportation. See, section 108 of the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-426, 118 Stat. 2423-2429 (November 30, 2004)). See also, 70 Fed. Reg. 8299 (February 18, 2005), re-delegating the pipeline safety functions of the RSPA Administrator, PHMSA.

FINDINGS OF VIOLATION

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

Item 4: The Notice alleged that Respondent violated 49 C.F.R. §192.706, which states:

§ 192.706 Transmission lines: Leakage surveys.

Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year. However, in the case of a transmission line which transports gas in conformity with § 192.625 without an odor or odorant, leakage surveys using leak detector equipment must be conducted-

(a) In Class 3 locations, at intervals not exceeding 7½ months, but at least twice each calendar year. . . .

The Notice alleged that Respondent failed to conduct proper leakage surveys of a transmission pipeline that transports gas in conformity with § 192.625 without an odor or odorant. Specifically, it alleged that SNG failed to use detector equipment surveys on the following unodorized Class 3 transmission line segments:

- North Main Line and Loop, MP 358.9 to MP 359.5 (cy2001, 2002)
- Montgomery Columbus Line, MP 15.98 (+/-) to MP 16.2 (+/-) (cy2002).

The OPS Violation Report alleged that during its inspection, Respondent failed to demonstrate that the required leak surveys had been conducted. It alleged that the class location status of the above-referenced pipeline segments had changed to Class 3 but that SNG had failed to initiate the required leak surveys. In its Response, SNG asserted that it believed that instrumented leak surveys had been conducted on these lines but acknowledged that the surveys had not been properly documented. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.706(a) by failing to conduct instrumented leakage surveys of its transmission line at intervals not exceeding 7½ months, but at least twice each calendar year.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 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: nature, circumstances, and gravity of the violation, including adverse impact on the environment; degree of Respondent's culpability, the history of Respondent's prior offenses, Respondent's ability to pay the penalty, 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 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 \$5,000 civil penalty for the violation of 49 C.F.R. Part 192.

Item 4 of the Notice proposed a civil penalty of \$5,000 for violation of 49 C.F.R. § 192.706(a), for Respondent's failure to conduct instrumented leakage surveys of a transmission line at intervals not exceeding 7½ months, but at least twice each calendar year. Respondent has not shown any circumstances that would justify its failure to conduct such surveys. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000, which amount has already been paid by Respondent.

WARNING ITEMS

With respect to Items 1, 2, 3, 5, 6, 7, and 8, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 192.465(b) (**Notice Item 1**) – Respondent's alleged failure to inspect cathodic protection rectifiers or other impressed current power sources six times each calendar year, but with intervals not exceeding 2½ months, to insure that they were operating;

49 C.F.R. § 192.471(a) (**Notice Item 2**) – Respondent's alleged failure to maintain test lead wires connected to the pipeline so as to remain mechanically secure and electrically conductive. Certain leads were indicated as missing on inspection reports dated 4/23/01 and 3/04/02 and as being re-installed on the 8/6/02 inspection report;

49 C.F.R. § 192.491(c) (**Notice Item 3**) – Respondent's alleged failure to maintain a record of each test, survey, or inspection required by Subpart I in sufficient detail to demonstrate the adequacy of corrosion control measures or to show that a corrosive condition did not exist. These records must be retained for at least five years, except that records related to § 192.465(a) and (e) and § 192.475(b) must be retained for as long as the pipeline remains in service. No record was found of the pipe having been inspected for evidence of internal

corrosion, as required by § 192.475(b), of the 12” hot tap coupon removed at MP 19.269 on the 24” 2nd North Main Line (cy2002). Pipeline investigation and repair records relating to the Gadsden Loop pig dig project did not show the analysis or results of strength for pipe determinations, as required by § 192.485(c). Also, some of the pipeline condition reports did not indicate the remedial measures taken for the corroded pipe;

49 C.F.R. § 192.707 (**Notice Item 5**) – Respondent’s alleged failure to place and maintain line markers as close as practical over each buried main and transmission line, to identify the location of the transmission line or main to reduce the possibility of damage or interference. Respondent also allegedly failed to place and maintain line markers along each section of a main and transmission line that was located aboveground in an area accessible to the public;

49 C.F.R. § 192.709(a) and (c) (**Notice Item 6**) – Respondent’s alleged failure to maintain records, for as long as the transmission line remains in service, that detail the date, location, and description of each repair made to pipe. Respondent also allegedly failed to maintain a record of each patrol, survey, inspection, and test required by Subparts L and M of this part for at least five years or until the next patrol, survey, inspection, or test was completed, whichever was longer. Records of the cy2000 leak repair made on the North Main Loop, MP 127.4 were allegedly incomplete. The Notice alleged that the pipeline repair methods (§ 192.717), replacement pipe specifications (§ 192.717), and NDT records of the weld-over fitting welds (§ 192.719(b)), were not found. It further alleged that records of testing of repairs made by welding (NDT of repair fillet welds) required by § 192.719(b), were not found for the pipeline repairs made on the South Main 1st and 3rd Loops, MP 256.6 (Wolf Creek) in September 2000. Valves indicated as being “critical” on system operating maps were not documented as havint been inspected/tested in 2001 (§ 192.745);

49 C.F.R. § 192.731(c) (**Notice Item 7**) – Respondent’s alleged failure to inspect and test relief devices at intervals not exceeding 15 months, but at least once each calendar year, to determine that they function properly. Respondent’s records allegedly indicated that compressor high discharge pressure shutdown systems at DeArmanville (unit 10) and Gwinville (units 10 and 12) were not tested in their entirety. Although applicable pressure transmitters were indicated as being tested, the system setpoint and output functions were either not tested or not recorded as tested, as required by § 192.731(c). Similar electronic setpoint and outputs that control high discharge pressure at the York and Auburn compressor stations were allegedly not documented as having been tested; and
49 C.F.R. § 192.739 (a-d)

(Notice Item 8) – Respondent’s alleged failure to inspect and test each pressure limiting station, relief device, and pressure regulating station and its equipment at intervals not exceeding 15 months, but at least once each calendar year, to determine that it is: (a) in good mechanical condition; (b) adequate from the standpoint of capacity and reliability of operation for the service in which it is employed; (c) set to function at the correct pressure; and, (d) properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation. Inspections of the Calera Tap back-flow regulator station allegedly exceeded the 15-month maximum interval by three days (inspected 04/27/01 and 07/30/02). The high pressure override control function for the Gwinville flow control valve (valve #17, software based controls) was allegedly not tested to assure that it would function at the correct pressure.

Respondent presented information in its Response showing that it had taken certain actions to address the cited items. Having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. Part 192 have occurred and Respondent is hereby advised to correct such conditions. In the event that OPS finds a violation for any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon receipt.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued