

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 23, 2012

Mr. Robert L. Rose
President
Tampa Airport Pipeline Corporation
P.O. Box 35236
Sarasota, FL 34242

CPF 2-2012-6021

Dear Mr. Rose:

On November 8-10, 2011, and on March 22, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, inspected the Tampa Airport Pipeline Corporation (TAPC) Pipeline Integrity Management Plan (IMP) in Tampa, Florida, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that TAPC has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are as follows:

- 1. §195.452 Pipeline integrity management in high consequence areas.**
.... (b) *What program and practices must operators use to manage pipeline integrity?*
Each operator of a pipeline covered by this section must:
.... (5) Implement and follow the program.

TAPC did not implement and follow its IMP as written. TAPC's IMP only listed in-line inspection (ILI) as an approved assessment method; yet, on March 17, 2010, TAPC used pressure testing as an assessment method for its pipeline.

TAPC's IMP Section 3.0 Assessment Procedure restricted TAPC to using ILI for assessing its pipeline. It stated, "*The TPC pipeline will rely on In-Line Inspection (ILI) Assessment technique. In-Line Inspection will be used to validate the integrity of the pipeline in HCA areas. All work shall be performed in accordance with these procedures.*"

2. §195.452 Pipeline integrity management in high consequence areas.

.... (b) What program and practices must operators use to manage pipeline integrity?

Each operator of a pipeline covered by this section must:

.... (5) Implement and follow the program.

TAPC did not implement and follow its IMP as written because it did not perform annual risk assessments of its pipeline and related facilities in accordance with its written IMP procedures.

TAPC's IMP Section 2.05 Risk Analysis¹ stated, "Risk assessments will be conducted for the transmission pipeline and related facilities."

TAPC's IMP Section 2.05 Risk Analysis also stated, "The initial risk assessment method used to create a risk index will be updated and re-evaluated annually. Since this pipeline is modeled as one unit, the individual attributes that go into creating the risk index will be evaluated annually as a part of the continuing program to insure that actions taken as a result of the process are indeed reducing risk and improving the operations of the pipeline. By repopulating the risk data sheets annually and recalculating the risk index for each threat, a significant measuring stick is created that will be used to evaluate the on-going status of the integrity management program" and "The risk analysis will be reviewed and updated annually."

Notwithstanding the above written IMP procedural requirements, TAPC did not conduct risk assessments of its pipeline or related facilities per its written procedures.

At the time of the PHMSA inspection, TAPC personnel stated that their risk assessment process is an on-going process with the risk assessment being reviewed on a continuing basis as additional or changed information is received. However, TAPC did not provide any documentation to support this statement.

3. §195.452 Pipeline integrity management in high consequence areas.

.... (d) When must operators complete baseline assessments? Operators must complete baseline assessments as follows:

(1) Time periods. Complete assessments before the following deadlines:

| If the pipeline is: | Then complete baseline assessments not later than the following date according to a schedule that prioritizes assessments | And assess at least 50 percent of the line pipe on an expedited basis. Beginning with the highest risk pipe, not later than: |
|----------------------------|--|---|
| Category 1 | March 31, 2008 | September 30, 2004 |
| Category 2 | February 17, 2009 | August 16, 2005 |
| Category 3 | Date the pipeline begins operation | Not applicable |

¹ While the TAPC IMP labels Section 2.05 as Risk Analysis, it then describes a process called Risk Assessment.

TAPC is a Category 2 pipeline per §195.452(a); yet, it did not assess at least 50 percent of its line pipe in high consequence areas (HCAs) before the required deadline of August 16, 2005.

It should be noted that TAPC classified all its pipeline segments as HCAs in August 2005 as stated in TAPC’s IMP Section 1.3, dated August 5, 2005.

TAPC performed a pressure test in December 2004, which it incorrectly believed to be a valid assessment. However, the pressure test did not meet the requirements of Part 195, Subpart E and therefore did not qualify as an IMP assessment.

4. §195.452 Pipeline integrity management in high consequence areas.

.... (d) When must operators complete baseline assessments? Operators must complete baseline assessments as follows:

(1) Time periods. Complete assessments before the following deadlines:

| If the pipeline is: | Then complete baseline assessments not later than the following date according to a schedule that prioritizes assessments | And assess at least 50 percent of the line pipe on an expedited basis. Beginning with the highest risk pipe, not later than: |
|----------------------------|--|---|
| Category 1 | March 31, 2008 | September 30, 2004 |
| Category 2 | February 17, 2009 | August 16, 2005 |
| Category 3 | Date the pipeline begins operation | Not applicable |

TAPC is a Category 2 pipeline per §195.452(a); yet, it did not complete the required baseline assessment of all of its line pipe in HCAs before the required deadline of February 17, 2009.

It should be noted that TAPC classified all its pipeline segments as HCAs in August 2005 as stated in TAPC’s IMP Section 1.3, dated August 5, 2005.

TAPC performed a pressure test in December 2004, which it incorrectly believed to be a valid assessment. However, the pressure test did not meet the requirements of Part 195, Subpart E and therefore did not qualify as an IMP assessment.

In 2008 and 2009 TAPC attempted to assess the pipeline using ILI tools but was unable to complete the assessment of the pipeline. In a letter to PHMSA dated January 26, 2009, TAPC explained that it had run a T. D. Williamson 6-inch GMFL tool, however, during the run a magnetic sensor broke off and TAPC was only able to assess 89% of the overall pipeline. In its letter, TAPC also expressed its belief that it had completed the baseline assessment because the combination of the December 2004 pressure test and the ILI tool runs. As explained above, however, the December 2004 pressure test did not qualify as an IMP assessment.

5. §195.452 Pipeline integrity management in high consequence areas.

.... (g) *What is an information analysis?* In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:

.... (2) **Data gathered through the integrity assessment required under this section;**

TAPC did not analyze all the available information about the integrity of its entire pipeline because it did not integrate all the report data from the 2008 and 2009 caliper and MFL ILI tool runs.

The final report for the December 7, 2008, Enduro caliper ILI tool run shows 28 dents and the *Executive Summary* for the January 14, 2009, TD Williamson metal loss ILI tool run lists 15 metal loss groups. TAPC did not analyze and/or integrate the information from these reports to determine if any of the dents had associated metal loss.

6. §195.452 Pipeline integrity management in high consequence areas.

.... (h) *What actions must an operator take to address integrity issues?*

.... (2) **Discovery of condition.** Discovery of a condition occurs when an operator has adequate information about the condition to determine that the condition presents a potential threat to the integrity of the pipeline. An operator must promptly, but no later than 180 days after an integrity assessment, obtain sufficient information about a condition to make that determination, unless the operator can demonstrate that the 180-day period is impracticable.

TAPC did not promptly, but no later than 180 days after an integrity assessment obtain sufficient information about conditions to make a determination of discovery. Moreover, TAPC did not demonstrate that the 180-day period was impracticable.

TAPC's assessment records show the pipeline was assessed using an Enduro Caliper ILI tool on December 7, 2008, and that a final report was issued about one month later on January 14, 2009. There were eight indications (and one possible indication) in the *Enduro Final Report* which were integrity management conditions. At the time of PHMSA's inspection in November 2011, TAPC had not taken any actions to make a determination of discovery. In fact, the conditions were identified by the PHMSA inspector when reviewing the *Enduro Final Report*.

The PHMSA inspector advised TAPC personnel of the integrity management conditions when he identified them in November 2011.

7. §195.452 Pipeline integrity management in high consequence areas.

.... (h) *What actions must an operator take to address integrity issues?*

(1) **General requirements.** An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will

ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with § 195.422 when making a repair.

.... (4) *Special requirements for scheduling remediation.*

(i) *Immediate repair conditions.* An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An operator must calculate the temporary reduction in operating pressure using the formula in Section 451.6.2.2 (b) of ANSI/ASME B31.4 (incorporated by reference, see § 195.3). An operator must treat the following conditions as immediate repair conditions:

.... (D) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) with a depth greater than 6% of the nominal pipe diameter.

.... (ii) *60-day conditions.* Except for conditions listed in paragraph (h)(4)(i) of this section, an operator must schedule evaluation and remediation of the following conditions within 60 days of discovery of condition.

(A) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) with a depth greater than 3% of the pipeline diameter (greater than 0.250 inches in depth for a pipeline diameter less than Nominal Pipe Size (NPS) 12).

(B) A dent located on the bottom of the pipeline that has any indication of metal loss, cracking or a stress riser.

.... (iii) *180-day conditions.* Except for conditions listed in paragraph (h)(4)(i) or (ii) of this section, an operator must schedule evaluation and remediation of the following within 180 days of discovery of the condition:

(A) A dent with a depth greater than 2% of the pipeline's diameter (0.250 inches in depth for a pipeline diameter less than NPS 12) that affects pipe curvature at a girth weld or a longitudinal seam weld.

(B) A dent located on the top of the pipeline (above 4 and 8 o'clock position) with a depth greater than 2% of the pipeline's diameter (0.250 inches in depth for a pipeline diameter less than NPS 12).

TAPC did not take prompt action to address eight anomalous conditions (and one possible anomalous condition) on its pipeline after the completion of an ILI tool run (i.e. anomalous conditions discovered through an integrity assessment).

TAPC's assessment records show the pipeline was assessed using an Enduro Caliper ILI tool on December 7, 2008, and that a final report was issued about one month later on January 14, 2009. There were eight indications (and one possible indication) in the *Enduro Final Report* which were integrity management conditions.

The conditions were identified by the PHMSA inspector when reviewing the *Enduro Final Report* at the time of PHMSA's inspection in November 2011. The inspector advised TAPC personnel of the integrity management conditions when he identified them in November 2011. When the inspector returned to continue the inspection in March 2012, TAPC had not taken any actions to address these conditions or to schedule any of the condition(s) for remediation, if the condition(s) could reduce the pipeline's integrity.

The conditions are listed in the following table.

| Enduro Station | Indication | % OD | Clock Position | IM Condition |
|-----------------------|---|-------------|-----------------------|---------------------|
| 39041.88 | Deformation - Dent | 8.64% | 1:10 | Immediate |
| 30554.50 | Deformation - Dent | 3.93% | 11:22 | 60 day |
| 32025.38 | Deformation - Dent (in Comment field - listed as having a possible gouge) | 1.40% | 6:20 | 60 day |
| 34026.75 | Deformation - Dent | 3.16% | 8:44 | 60 day |
| 39031.50 | Deformation - Dent | 4.92% | 12:34 | 60 day |
| 39032.12 | Deformation - Dent | 3.37% | 11:36 | 60 day |
| 41375.12 | Deformation - Dent | 2.67% | 1:34 | 180 day |
| 48698.12 | Deformation - Dent | 2.10% | 8:04 | 180 day |
| 49162.12 | Deformation - Dent | 2.25% | 4:00 | Possible 180-day |

8. §195.452 Pipeline integrity management in high consequence areas.

.... (i) *What records must be kept?*

(1) **An operator must maintain for review during an inspection:**

.... (ii) **Documents to support the decisions and analyses, including any modifications, justifications, variances, deviations and determinations made, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.**

TAPC did not properly document the decisions, analyses, justifications, and actions taken to implement and evaluate each element of its IMP.

TAPC did not maintain documents and/or records required to support decisions and actions taken to implement and evaluate each element of its IMP. Specifically TAPC failed to document:

- 1) The qualifications of its Project Manager and Project Engineer for its assessments.
- 2) The analyses and decisions in the evaluations of
 - a. TAPC's leak detection capability,
 - b. if Emergency Flow Restricting Devices (EFRD) were needed on a pipeline segment to protect an HCA in the event of a hazardous liquid pipeline release; and,
 - c. measures to prevent and mitigate the consequences of a failure that could affect an HCA.

TAPC's IMP *Section 3.09 Qualifications* required competent persons to direct the work done under the IMP, and addressed specific qualification requirements for the Project Manager and Project Engineer. TAPC did not have records identifying the Project Manager and Project Engineer with their qualifications meeting TAPC's requirements for the 2008 and 2009 partial assessment of the pipeline using inline inspection tools assessments, and the 2010 pressure test assessment of the pipeline.

TAPC's IMP *Section 2.13 Preventative and Mitigative Measures (PMM)* stated that TAPC will take additional measures to prevent pipeline failures and to mitigate the consequences of a pipeline failure, and briefly discussed measures to be used to protect

HCA's. But, the documentation did not reflect the analyses, decisions, and actions of TAPC in conducting the evaluations and acting on decisions.

During the inspection the PMM process, evaluations conducted, and decisions made were discussed with TAPC personnel who described the evaluations, the decisions made, and the actions implemented. That said, the evaluations, analyses, and decisions of TAPC personnel for PMM were not documented. Furthermore, the actions taken were not in accordance with TAPC's IMP.²

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 3, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$77,400 as follows:

| <u>Item number</u> | <u>PENALTY</u> |
|--------------------|----------------|
| 1 | \$6,200 |
| 2 | \$11,200 |
| 3 | \$5,000 |
| 4 | \$5,000 |
| 5 | \$10,000 |
| 6 | \$15,000 |
| 7 | \$15,000 |
| 8 | \$10,000 |

Proposed Compliance Order

With respect to items 2, 5, 6, 7 & 8, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tampa Airport Pipeline Corporation. 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. All material you submit in response to this enforcement action may be made publicly available. If you believe that any portion of your responsive material qualifies for

² PHMSA issued a Notice of Amendment (CPF 2-2012-6018M) to TAPC on October 2, 2012, citing TAPC for inadequate procedures, including those procedures covering its Preventative and Mitigative Measures (PMM), Emergency Flow Restricting Devices (EFRD) and leak detection.

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.

In your correspondence on this matter, please refer to **CPF 2-2012-6021** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

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 Tampa Airport Pipeline Corporation (TAPC) a Compliance Order incorporating the following remedial requirements to ensure the compliance of TAPC with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to the failure of TAPC to perform the risk assessment per its Integrity Management Plan (IMP), TAPC must perform and fully document the risk assessment for its pipeline system per its IMP procedures.
2. In regard to Item Numbers 5 and 6 of the Notice pertaining to the failure of TAPC to obtain sufficient information and to analyze, integrate, and evaluate the data from the 2008 and 2009 in-line (ILI) tool runs to make a determination of discovery for anomalous conditions on the pipeline,
 - a. TAPC must review the data from the 2008 and 2009 ILI tool runs and identify anomalies which are IM conditions. This review must include analyzing, integrating, and evaluating the data from the ILI tool runs to identify anomalies so as to make a determination of discovery for anomalous conditions on the pipeline.
 - b. Item 2a above must be performed by personnel who are qualified in these tasks by knowledge, training, and experience. The qualifications of these personnel must be fully documented.
3. In regard to Item Number 7 of the Notice pertaining to the failure of TAPC to promptly address all anomalous conditions discovered through an integrity assessment,
 - a. TAPC must take prompt action as required by its IMP procedures and by §195.452(h) to address all anomalous conditions discovered on its pipeline.
 - b. TAPC must remediate those anomalous conditions that could reduce the pipeline's integrity, to include those determined based on TAPC's integration and evaluation of the data from the 2008 and 2009 ILI tool runs in Item 2a above.
 - c. TAPC must compare the results of actual in-field evaluations of anomalies on the pipeline to the ILI tool data and then re-evaluate the ILI tool data if the in-field results do not correspond with the ILI tool data. If the ILI tool data is re-evaluated, TAPC must perform the actions required by Items 2a, 3a, and 3b above as needed on the data provided by the re-evaluation.
 - d. Item 3c above must be performed by personnel who are qualified in these tasks by knowledge, training, and experience. The qualifications of these personnel must be fully documented.
4. In regard to Item Number 8 of the Notice pertaining to the failure of TAPC to maintain adequate records of personnel qualifications or of the analysis and decisions

of its IMP work, TAPC must prepare and maintain adequate documentation as required by §195.452(k) and by its IMP.

5. TAPC must complete the above Items within the following time requirements.
 - a. Within 30 days of receipt of the Final Order TAPC must complete the requirements of Item 1 above.
 - b. Within 45 days of receipt of the Final Order TAPC must provide written documentation confirming the completion of Item 1 above to the Director, Office of Pipeline Safety, PHMSA Southern Region.
 - c. Within 45 days of receipt of the Final Order TAPC must complete the requirements of Items 2a and 2b above.
 - d. Within 60 days of receipt of the Final Order TAPC must provide written documentation confirming the completion of Items 2a and 2b above to the Director, Office of Pipeline Safety, PHMSA Southern Region.
 - e. TAPC must comply with the time requirements of §195.452(h) in addressing and remediating anomalous conditions identified on the pipeline (i.e. Items 3a, 3b, and 3c above).
 - f. TAPC must provide the Director, Office of Pipeline Safety, PHMSA Southern Region monthly reports on the status in completing the requirements of Items 3a, 3b, and 3c above.
 - 1) The reports are due on the last day of the month with the first report required on the last day of the second month following receipt of the Final Order.
 - 2) The reports must include at least the following information: a brief description of the TAPC's status in addressing and remediating all anomalous conditions, identification of all anomalous conditions - locations, IM condition, discovery date, status, and comments, as needed; and the results of TAPC's comparison of actual in-field evaluations of anomalies on the pipeline to the ILI data.
 - 3) The Director, Southern Region may allow these reports to be discontinued once all identified anomalous conditions have been addressed, remediated, and reported to the Director by TAPC.
 - g. Within 90 days of receipt of the Final Order TAPC must provide written documentation confirming the completion of Item 4 to the Director, Office of Pipeline Safety, PHMSA Southern Region.
 - h. Within 120 days of completion of Item 3, TAPC must make available for PHMSA inspection all records and documentation showing the completion of Item 4.
6. It is requested (not mandated) that TAPC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the

total to the Director, Office of Pipeline Safety, PHMSA Southern Region. 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.