

Statement of Issues

For two weeks in March of 2006, representatives of the Pipeline and Hazardous Materials Safety Administration ("PHMSA") inspected Williams Gas Pipeline's Integrity Management Program ("IMP") in Salt Lake City, Utah. Williams Gas Pipeline began developing and implementing its IMP prior to the enactment of the Pipeline Safety Improvement Act of 2002. This Act and regulations promulgated under its authority imposed a number of new requirements on operators of gas pipeline facilities. One of the most significant of these required that gas pipeline operators conduct a risk analysis of their facilities in certain areas and adopt and implement a written IMP addressing these risks. The version of the Act in effect at the time Williams Gas Pipeline developed and implemented its IMP and at the time of the March 2006 inspection, gave PHMSA a specific remedy for addressing IMP's which were inadequate or which did not comply with the new statutory and regulatory requirements. The specific remedy, set forth in 49 U.S.C.A. § 60109(c)(9)(A)(iii), authorized PHMSA to require the operator to revise the IMP, after notice and an opportunity for a hearing. From initial enactment of the Pipeline Safety Improvement Act on December 17, 2002, until it was amended on December 29, 2006, if a pipeline operator failed to put together a satisfactory IMP, the consequence was that PHMSA could require revision. There was no other remedy authorized under the law.

On December 29, 2006, a full nine months after PHMSA concluded its review of Williams Gas Pipeline's IMP and years after it was developed, Congress amended 49 U.S.C.A. § 60109(c)(9)(A)(iii) to authorize PHMSA to issue notices of probable violations, proposed civil penalties, and proposed compliance orders as remedies for inadequate IMP's. As stated above, prior to December of 2006, PHMSA's only remedy was to require revision of the IMP. There was no provision in the December 29, 2006, amendment permitting retroactive application of the

law. Nonetheless, on January 29, 2007, PHMSA issued the instant Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order which is in direct violation of federal law. If PHMSA believed that Williams Gas Pipeline's IMP was inadequate, under the law that existed at the time of its review, PHMSA's only remedy was to require revision after notice and an opportunity for hearing. Williams Gas Pipeline submits that PHMSA's actions were otherwise improper in that the findings of probable violations were arbitrary, capricious, an abuse of discretion, not based upon substantial evidence, in excess of PHMSA's statutory jurisdiction, and, otherwise not in accordance with the law. For the sake of argument, even if the law did not so clearly prohibit the retroactive application of punitive legislation in the absence of clear congressional intent, the size and scope of penalties proposed to apply in this matter are inconsistent with the factors set forth in 49 U.S.C.A. § 60122.

In addition to the legal defects which plague PHMSA's choice of remedy as summarized above, PHMSA's findings that the IMP did not comply with the requirements of the Pipeline Safety Improvement Act and implementing regulations or that it was inadequate for the safe operation of Williams Gas Pipeline facilities are incorrect as a matter of law and ought to be set aside.

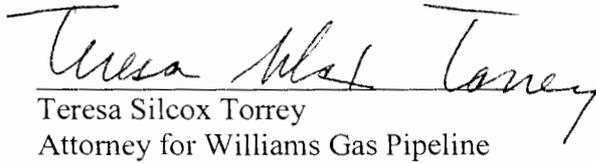
1. Williams Gas Pipeline believes that it complied with the requirements of §§192.947 and 192.905(a)
2. Williams Gas Pipeline believes that it complied with the requirements of § 192.905.
3. Williams Gas Pipeline believes that it complied with the requirements of § 192.907.
4. Williams Gas Pipeline believes that it complied with the requirements of §§ 192.905 and 192.903.
5. Williams Gas Pipeline believes that it complied with the requirements of § 192.917.

6. Williams Gas Pipeline believes that it complied with the requirements of §192.921.
7. Williams Gas Pipeline believes that it complied with the requirements of §§192.917 and 192.907.
8. Williams Gas Pipeline believes that it complied with the requirements of §192.925.
9. Williams Gas Pipeline believes that it complied with the requirements of §192.927.
10. Williams Gas Pipeline believes that it complied with the requirements of §192.937.
11. Williams Gas Pipeline believes that it complied with the requirements of §192.935.
12. Williams Gas Pipeline believes that it complied with the requirements of §192.909.
13. Williams Gas Pipeline believes that it complied with the requirements of §192.911.

Request for Hearing

Williams Gas Pipeline respectfully requests that an in-person hearing be set in this matter and advises that it will be represented by counsel at the hearing.

Respectfully submitted this 28th day of February, 2007.


Teresa Silcox Torrey
Attorney for Williams Gas Pipeline