



U.S. Department
Of Transportation
Pipeline and
Hazardous Materials
Safety Administration

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

WARNING LETTER

EXPRESS OVERNIGHT DELIVERY

May 23, 2011

Mr. Thomas Wooden
Vice President Northeast Transmission
Algonquin Gas Transmission Corporation
890 Winter Street, Suite 300
Waltham, MA 02451

CPF 1-2011-1009W

Dear Mr. Wooden:

Between June 16, 2009, and July 31, 2009, State Inspectors from the New York State Department of Public Service (NYSDPS), acting as Agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records at the Cromwell, CT and South Plainfield, NJ locations and performed field evaluations in the Lower Hudson Valley, NY.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. §192. 603 General Provisions.

(b) Each operator shall keep records necessary to administer the procedures established under §192.605.

Algonquin Gas Transmission Company (AGT) failed to follow its Operations and Maintenance (O&M) procedure 1-6040 for aerial pipeline patrols.

AGT procedure 1-6040, Aerial Pipeline Patrol, requires that construction activity on, in the vicinity of, or progressing towards, the pipeline right-of-way within ½ mile of the pipeline be documented. The procedure also requires that such possible encroachments be investigated and findings documented on Form 7T-69, Encroachment Investigation Report.

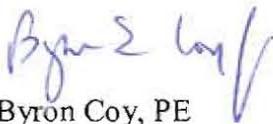
A review of aerial patrol records of the mainline identified excavation activities in close proximity to the right-of-way (within 200 yards), and in the vicinity of valve 18 located between Stony Point and Southeast on March 31, 2009.

AGT could not provide the required documentation to demonstrate that any follow-up investigation was performed to ensure that there was no encroachment of the pipeline.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in AGT being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, please address your response to Byron Coy, PHMSA Eastern Region Director, 820 Bear Tavern Rd, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2011-1009W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for 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).

Sincerely,



Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Cc: NYSDPS - Mr. Gavin Nicoletta