

**JUL 15 2010**

Mr. Samuel L. Dozier  
Vice President, Commercial & Operations  
Carolina Gas Transmission Corporation  
105 New Way Road  
Columbia, SC 29224-2407

**RE: CPF No. 2-2007-1010**

Dear Mr. Dozier:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and concludes that Carolina Gas Transmission Corporation has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now 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. Wayne Lemoi, Director, Southern Region, PHMSA

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED [7005 1160 0001 0039 0744]**

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

_____ )	
<b>In the Matter of</b> )	
)	
<b>Carolina Gas Transmission Corporation,</b> )	<b>CPF No. 2-2007-1010</b>
)	
<b>Respondent.</b> )	
_____ )	

**FINAL ORDER**

On October 2-5 and October 23-26, 2006, 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 Carolina Gas Transmission Corporation's (CGT or Respondent) gas integrity management program (IMP) at the company's offices in Columbia, South Carolina. CGT is an interstate natural gas company that delivers natural gas throughout the Southeast.

As a result of the inspection, the Director, Southern Region, OPS (Director), issued to Respondent, by letter dated May 22, 2007, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed certain violations of 49 C.F.R. Part 192 and proposed ordering Respondent to take measures to correct the alleged violations. The Notice also proposed finding that Respondent had committed certain other probable violations of 49 C.F.R. Part 192 and warning Respondent to take appropriate corrective action to address them or be subject to future enforcement action.

By letter dated June 18, 2007, Respondent requested an extension of time to respond to the Notice. Respondent was granted an extension until December 31, 2007, and responded to the Notice by letter dated September 21, 2007 (Response). CGT did not contest the allegations of violation and expressed its intent to comply with the proposed corrective actions upon receipt of a final order. Respondent did not request a hearing and has therefore waived its right to one.

**FINDINGS OF VIOLATION**

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

**Item 2A:** The Notice alleged that Respondent violated 49 C.F.R. § 192.925(b), which states:

**§ 192.925 What are the requirements for using External Corrosion Direct Assessment (ECDA)?**

(a) ....

(b) *General requirements.* An operator that uses direct assessment to assess the threat of external corrosion must follow the requirements in this section, in [American Society of Mechanical Engineers]/[American National Standards Institute] B31.8S (incorporated by reference, *see* § 192.7), section 6.4, and in NACE RP 0502-2002 (incorporated by reference, *see* § 192.7). An operator must develop and implement a direct assessment plan that has procedures addressing preassessment, indirect examination, direct examination, and post-assessment. If the ECDA detects pipeline coating damage, the operator must also integrate the data from the ECDA with other information from the data integration (§ 192.917(b)) to evaluate the covered segment for the threat of third party damage, and to address the threat as required by § 192.917(e)(1).

The Notice alleged that Respondent violated 49 C.F.R. § 192.925(b) by failing to develop and implement a direct assessment plan that adequately addressed indirect assessment, direct examination, and post-assessment procedures. Specifically, it alleged that Respondent's procedures did not provide for integrating ECDA indirect inspection pipeline coating indication data with encroachment and foreign line crossing data to evaluate covered segments for the threat of third-party damage and did not address such threats, as required by § 192.917(e)(1). The Notice also alleged that CGT had failed to develop and implement a process for requiring indirect surveys of its lines that had been crossed during third-part excavation activities but where CGT personnel had not been present to witness such activities. The Notice alleged, for example, that third-party damage had occurred on Respondent's pipeline because of the placement of a power pole by CGT's sister company.

Respondent did not contest this allegation of violation. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.925(b) by failing to develop and implement a direct assessment plan that adequately addressed indirect assessment, direct examination, and post-assessment procedures.

**Item 3A:** The Notice alleged that Respondent violated 49 C.F.R. § 192.935(b), which states, in relevant part:

**§ 192.935 What additional preventive and mitigative measures must an operator take?**

(a) ....

(b) Third party damage and outside force damage—

(1) *Third party damage.* An operator must enhance its damage prevention program, as required under § 192.614 of this part, with respect to a covered segment to prevent and minimize the consequences of a release due to third party damage. Enhanced measures to an existing damage prevention program include, at a minimum— . . .

(ii) Collecting in a central database information that is location specific

on excavation damage that occurs in covered and non covered segments in the transmission system and the root cause analysis to support identification of targeted additional preventative and mitigative measures in the high consequence areas. This information must include recognized damage that is not required to be reported as an incident under part 191. . . .<sup>1</sup>

The Notice alleged that Respondent violated 49 C.F.R. § 192.935(b) by failing to include enhanced measures in its damage prevention program for collecting, in a central database, location-specific information on excavation damage that had occurred in covered and non-covered pipeline segments. Additionally, it alleged that CGT did not have a root cause analysis to support the identification of targeted additional preventive and mitigative (P&M) measures in High Consequence Areas (HCAs). Respondent did not contest this allegation of violation. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.935(b) by failing to include enhanced measures in its damage prevention program for collecting information on excavation damage that had occurred along its pipeline.

**Item 3B:** The Notice alleged that Respondent violated 49 C.F.R. § 192.935(a), which states:

**§ 192.935 What additional preventive and mitigative measures must an operator take?**

(a) *General requirements.* An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (*See* § 192.917). An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (incorporated by reference, *see* § 192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to, installing Automatic Shut-off Valves or Remote Control Valves, installing computerized monitoring and leak detection systems, replacing pipe segments with pipe of heavier wall thickness, providing additional training to personnel on response procedures, conducting drills with local emergency responders and implementing additional inspection and maintenance programs.

The Notice alleged that Respondent violated 49 C.F.R. § 192.935(a) by failing to take additional measures, beyond those already required by Part 192, to prevent pipeline failures and to mitigate their consequences in HCAs. Specifically, it alleged that CGT's IMP did not include an evaluation of threats, a spectrum of P&M alternatives, and the potential impact of identified risks, as outlined in § 192.917. The Notice also alleged that the determination of P&M measures did not include appropriate factors of likelihood and consequence. Respondent did not contest this allegation of violation. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.935(a) by failing to take the additional P&M measures discussed above to prevent pipeline failures and mitigate their consequences in HCAs.

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<sup>1</sup> Item 3A of the Notice correctly quoted § 192.935(b)(1)(ii) but then incorrectly referred to subparagraph (b)(2) as the alleged violation.

**Item 4A:** The Notice alleged that Respondent violated 49 C.F.R. § 192.911(m), which states:

**§ 192.911 What are the elements of an integrity management program?**

An operator's initial integrity management program begins with a framework (*see* § 192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, *see* § 192.7) for more detailed information on the listed element.) . . .

(m) A communication plan that includes the elements of ASME/ANSI B31.8S, section 10, and that includes procedures for addressing safety concerns raised by—

- (1) OPS; and
- (2) A State or local pipeline safety authority when a covered segment is located in a State where OPS has an interstate agent agreement.

The Notice alleged that Respondent violated 49 C.F.R. § 192.911(m) by failing to develop and implement an IMP that included a communications plan with procedures on how safety concerns that had been raised by OPS or State authorities were to be documented, tracked, and addressed. CGT did not contest this allegation of violation. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.911(m) by failing to have a communications plan with procedures for addressing safety concerns raised by OPS or State authorities.

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

**COMPLIANCE ORDER**

The Notice proposed a Compliance Order with regards to Items 2(A), 3(A), 3(B), and 4(A) in the Notice for violations of 49 C.F.R. Part 192.

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 specified in the proposed compliance order:

1. With respect to the violation of § 192.925(b) (**Item 2A**), CGT has developed a process and procedures for integrating ECDA indirect inspection indications with encroachment and foreign line crossing data to evaluate the covered segments for the threat of third-party damage. These process and procedures require the following:
  - a) Actions to ensure the integrity of CGT's pipelines when operator personnel are not present during third-party excavation and construction activities that cross CGT pipelines;

b) Indirect surveys of CGT pipelines crossed, to ensure safety and that construction activity has not damaged its pipeline; and

c) Documenting these actions and incorporating them into CGT's IMP, including actions to ensure that CGT's sister companies are aware of these requirements and to prevent inadvertent damage to the pipelines when power poles are installed.

2. With respect to the violation of § 192.935(b) (**Item 3A**), CGT has developed procedures for collecting, in a central database, location-specific information on excavation damage that has occurred in covered and non-covered segments.

3. With respect to the violation of § 192.935(a) (**Item 3B**), CGT has fully developed a threat evaluation process and a spectrum of preventative and mitigative alternatives with appropriate risk factors, including the likelihood of failure and consequences.

4. With respect to the violation of § 192.911(m) (**Item 4A**), CGT has developed procedures on how safety concerns raised by PHMSA or State authorities are to be documented, tracked, and addressed.

Accordingly, since compliance has been achieved with respect to these violations, the compliance terms are not included in this Order.

### WARNING ITEMS

With respect to Item 1A, the Notice alleged a probable violation of Part 192 but did not propose a civil penalty or compliance order for the item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 192.905(a) (**Item 1A**) — Respondent's alleged failure to identify the HCAs along its pipeline, in accordance with method (1) or (2) from the definition of HCA in Part 192.

CGT presented information in its Response showing that it had taken certain actions to address the cited item. Accordingly, having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that a probable violation of 49 C.F.R. § 192.905 (Notice Item 1A) has occurred and Respondent is hereby advised to correct such condition. In the event that OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

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

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued