

**April 29, 2016**

Mr. Robert C. Skaggs, Jr.  
Chairman of the Board and CEO  
Columbia Pipeline Group, Inc.  
5151 San Felipe, No. 2500  
Houston, TX 77056

**Re: CPF No. 1-2015-3004**

Dear Mr. Skaggs:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Columbia Gas Transmission, LLC. It makes one finding of violation and assesses a reduced civil penalty of \$57,800. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon receipt of payment. 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. Byron Coy, PE, Director, Eastern Region, OPS  
Mr. Perry M. Hoffman, Manager-System Integrity, Columbia Pipeline Group, Inc.,  
1700 MacCorkle Avenue SE, Charleston, WV 25314

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

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

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**In the Matter of** )

**Columbia Gas Transmission, LLC,** )  
**a subsidiary of Columbia Pipeline Group, Inc.,** )

**Respondent.** )  
\_\_\_\_\_ )

**CPF No. 1-2015-3004**

**FINAL ORDER**

From December 8 through December 12, 2014, 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 the facilities and records of Columbia Gas Transmission, LLC (CGT or Respondent), in Chesapeake, Virginia. CGT owns and operates a liquefied natural gas (LNG) facility located in Chesapeake.

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated September 8, 2015, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that CGT had violated 49 C.F.R. § 193.2637 and proposed assessing a civil penalty of \$58,100 for the alleged violation.

CGT responded to the Notice by letter dated October 12, 2015 (Response). The Respondent did not contest the allegation of violation, but did contest the number of instances of violation. CGT provided an explanation of its actions and requested that the proposed civil penalty be reduced or eliminated. Respondent did not request a hearing and, therefore, has waived its right to one.

## **FINDING OF VIOLATION**

In its Response, CGT responded to the allegation in the Notice that it violated 49 C.F.R. Part 193, as follows:

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 193.2637, which states:

**§ 193.2637 Remedial measures.**

(a) Prompt corrective or remedial action must be taken whenever an operator learns by inspection or otherwise that atmospheric, external, or internal corrosion is not controlled as required by this subpart.

The Notice alleged that Respondent violated 49 C.F.R. § 193.2637 by failing to take prompt corrective or remedial action when it learned by inspection that atmospheric corrosion was not controlled at its LNG facility, as required by Part 193. Specifically, the Notice alleged that CGT failed to follow its own procedures by not promptly remediating seven instances of deficiencies found during atmospheric-corrosion inspections within the timeframes specified in its own procedures.<sup>1</sup>

Respondent did not contest six of the seven allegations of violation and requested the elimination or reduction of the penalty based upon six, as opposed to seven, instances of violation. In its Response, CGT explained that one of the seven instances was for a conduit, a non-gas bearing component, and, therefore, not subject to the same requirements for re-inspection or remediation as required for gas-bearing components.<sup>2</sup>

I agree that the seventh instance does not constitute a violation and therefore I withdraw that one allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 193.2637 by failing to take prompt corrective or remedial action when it learned by inspection that atmospheric corrosion was not controlled as required by this subpart.

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 an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C.

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<sup>1</sup> See CGT Plan 310.42.01 – *Chesapeake LNG Facility Corrosion Control* (requiring that Level 2 atmospheric corrosion mitigation or re-inspection be performed within 12 months of discovery per Section 3.3.2.F). Here, the atmospheric conditions were remediated or the components removed from service within 24 months of the initial inspection.

<sup>2</sup> Response, at 2.

§ 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; 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 the 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 total civil penalty of \$58,100 for the violations cited above.

**Item 1:** The Notice proposed a civil penalty of \$58,100 for Respondent's violation of 49 C.F.R. § 193.2637, for failing to take prompt corrective or remedial action when it learned by inspection that atmospheric corrosion was not controlled at its LNG facility, as required by this subpart.

CGT failed to follow its procedures by not remediating deficiencies found during its atmospheric corrosion inspections within the timeframes specified in its own procedures. Since there were only six occurrences of violation, rather than seven as cited in the Notice, I am reducing the portion of the proposed penalty attributable to the gravity assessment criteria. This criterion includes the number of instances of violation, which I am reducing from seven to six. Accordingly, having reviewed the record and considered the assessment criteria for the Item cited above, I assess Respondent a total civil penalty of **\$57,800** for violation of 49 C.F.R. § 193.2637.

Failure to pay the \$57,800 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, 6500 S MacArthur Blvd., Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Under 49 C.F.R. § 190.243, Respondent has the right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of the Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed but does not stay any other provisions of the Final Order, including any required corrective actions. If Respondent submits payment of the civil penalty, the Final

Order becomes the final administrative decision and the right to petition for reconsideration is waived.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued

## **Payment Instructions**

### ***Civil Penalty Payments of Less Than \$10,000***

Payment of a civil penalty of less than \$10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration  
Financial Operations Division (AMK-325)  
ATTN: Shelby Jones  
6500 S MacArthur Blvd.,  
Oklahoma City, OK 79169

Wire transfer payments of less than \$10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8845, or at the above address.

### ***Civil Penalty Payments of \$10,000 or more***

Payment of a civil penalty of \$10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8845, or at the above address.

## INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

(1) <u>RECEIVER ABA NO.</u> 021030004	(2) <u>TYPE/SUB-TYPE</u> (Provided by sending bank)
(3) <u>SENDING BANK ABA NO.</u> (Provided by sending bank)	(4) <u>SENDING BANK REF NO.</u> (Provided by sending bank)
(5) <u>AMOUNT</u>	(6) <u>SENDING BANK NAME</u> (Provided by sending bank)
(7) <u>RECEIVER NAME</u> TREAS NYC	(8) <u>PRODUCT CODE</u> (Normally CTR, or as provided by sending bank)
(9) <u>BENEFICIAL (BNF) = AGENCY LOCATION CODE</u> BNF = /ALC-69-14-0001	(10) <u>REASONS FOR PAYMENT</u> Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number

**INSTRUCTIONS:** You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

**Block #1** - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

**Block #5** - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: \$10,000.00**

**Block #7** - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

**Block #9** - BENEFICIAL - AGENCY LOCATION CODE - "**BNF=/ALC-69-14-0001**". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

**Block #10** - REASON FOR PAYMENT - "**AC-payment for PHMSA Case # /** To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country."

**NOTE:** A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8845 at the time you send the wire transfer.