

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 25, 2008

Mr. Phil Andreas
Vice President, Operations
NSTAR/Hopkinton LNG Corporation
1 NSTAR Way
Westwood, MA 02090-9230

CPF 1-2008-3002W

Dear Mr. Andreas:

From March 25 to March 28, 2008, representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your liquefied natural gas plant in Hopkinton, Massachusetts.

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

1. **§193.2635 Monitoring corrosion control.**

Corrosion protection provided as required by this subpart must be periodically monitored to give early recognition of ineffective corrosion protection, including the following, as applicable:

(a) Each buried or submerged component under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463 of this chapter.

Operator failed to meet the calendar year requirement in its monitoring of external corrosion of the galvanic anode system protecting the underground propane tank used in the liquefaction process. The operator monitored for external corrosion in December 2006 and in January 2008.

Evidence consists of the test records for those two evaluations.

2. **§193.2637 Remedial measures.**

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.

Operator found deficiencies in the external corrosion control due to low pipe-to-soil readings on its galvanic anode system in December 2006 and January 2008. As of March 2008, the condition had not been corrected.

Evidence includes external corrosion monitoring records from 2005 to 2008, procedures, order for replacement parts and photos.

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. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. 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 items identified in this letter. Failure to do so will result in Hopkinton LNG Corporation being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2008-3002W**. 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