



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

820 Bear Tavern Road, Suite 306
West Trenton, NJ 08628
609.989.2171

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

UPS OVERNIGHT MAIL

August 10, 2010

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

CPF 1-2010-1004

Dear Mr. Wooden:

Between October 2007 and October 2009, State Inspectors from the Connecticut Department of Public Utility Control (CT DPUC) acting as Agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your pipeline facilities in the Cromwell area of Connecticut.

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 violations are:

1. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Algonquin Gas Transmission (AGT) did not follow their manual of written procedures by not completing its work permit forms.

AGT's hot work procedure states that "Hot Work cannot begin until the Hot Work Permit (Form #7T-74) has been approved. AGT did not follow their procedure in that permit fields were left blank and the permits were not approved.

During the October 2007 inspection, CT DPUC inspectors reviewed hot work procedures and permits for the Cromwell Compressor Station. On each of the occasions noted below, an actual work event was executed that required the associated hot work permit to have been completed. A copy of AGT operating procedures, hot work permits, and a review of #7T-74 forms indicated missing signatures and/or other information as noted below:

- Permit dated 5/25/2007 did not have an Area Managerial signature.
- Permit dated 5/16/2007 did not have an Area Managerial signature and the work description field was left blank.
- Permit dated 8/1/2007 had blank fields for work type, issued to, job location, and had no Area Managerial signature.
- Permit dated 1/4/07 required a fire guard/watch signature, but no signature was present.
- One (1) of the permits issued to AGES that referenced the C6 ignition replacement work related to the hot work being performed at the Cromwell compressor station was undated.

2. § 192.736 Compressor stations: Gas detection.

(b) Except when shutdown of the system is necessary for maintenance under paragraph (c) of this section, each gas detection and alarm system required by this section must—

(1) Continuously monitor the compressor building for a concentration of gas in air of not more than 25 percent of the lower explosive limit; and

AGT did not continuously monitor that the concentration of gas in air was not more than 25% of the Lower Explosive Limit (LEL) required by the regulation or the 20% established by the operator's Standard Operating Procedures (SOP).

From February 2008 through July 2009, gas detector alarms in the Cromwell Compressor Station were set at 30% LEL. During the 2009 inspection, CT DPUC inspectors reviewed 2007 through 2009 gas detector records for the Cromwell Compressor Station. In February 2008, August 2008, and March 2009, the gas detector alarm setting for 21 detectors was set at 30%. The 2007 records showed the correct set point, and the July 2009 records show that the set point had returned to the correct setting of 20% LEL. Mr. Bradley Franzese, AGT Area Manager for the Cromwell Area, concurred that Procedure 4-3030 "Stationary Gas & Fire Detection Systems" does correctly annotate a 20% LEL setting, which was in place during the entire time period in question (9/10/2007 through 7/9/2009).

3. § 192.603 General provisions.

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

AGT did not keep records necessary to comply with the procedures established under §192.605.

During the 2007 CT DPUC inspection, a set of drawings at the AGT Cromwell Compressor Station was found to be not current, and the information was not up-to-date. Valve 202 was incorrectly labeled as Valve 231 on the control room map. Valves 207 & 208 were removed during modifications/removal of the V2A vessel project in 2004, but they were still shown on the control room map.

Upon being questioned by the CT DPUC about the drawing, a written response from AGT said that "Valve 231 representing the intended valve on the drawing was a misprint of Valve 202" and that "Valves 207 & 208 were removed with the modifications/ removal of the V2A vessel project." AGT provided a copy of drawing C-1481-550, Rev. 6 "Schematic Flow Diagram, Cromwell, Connecticut." The drawing shows V2A vessel & Valves 231, 207, & 208.

4. § 192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

Valves that might be required during an emergency were not inspected by AGT at intervals not exceeding 15 months.

Mr. Bradley Franzese, AGT Area Manager for the Cromwell Area, stated during the audit in 2007, that AGT in the Cromwell Area considers all valves 2" and greater to be critical valves. As such, they should be maintained according to this section. During the 2007 inspection, the CT DPUC inspector review of maintenance sheets for years 2004, 2005, 2006, and 2007 revealed that the maintenance interval on valves 1239A, 215A, 215B, 215C, 215D, 28A, and 202 exceeded 15 months for 2004 – 2005.

The CT DPUC inspectors reviewed copies of the following relevant valve maintenance reports:

215A-D: Inspected 06/04/2004 and 9/9/2005
 1239A: Inspected 5/20/2004 and 9/9/2005
 28A: Inspected 5/12/2004 and 9/21/2005

5. § 192.709 Transmission lines: Record keeping.

(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

AGT did not retain records of internal inspections or valve inspections for five years.

During the 2007 CT DPUC review of records, the State inspectors noticed that at two (2) locations on the E-system dent removal project in 2005, sections of pipe were removed, and there was no record of inspections being conducted for internal corrosion. AGT claims that the inspections were performed; however, they cannot produce any records to substantiate this claim. AGT explained in a letter dated October 9, 2007, to the CT DPUC that the inspection for internal corrosion was conducted at the time that the sections of pipe were removed, but apparently not documented.

During the 2009 CT DPUC inspection, the operator could not produce records for 10 valves showing they had been inspected within the calendar year of 2008 as required by AGT Procedure Number 5-5010. AGT stated that the maintenance for these ten valves was performed on 12/5/2008 but that they do not have the records to reflect the maintenance.

6. § 192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—

Pressure regulating stations were not inspected by AGT at intervals not exceeding 15 months.

During the 2009 CT DPUC inspection, the review of maintenance sheets for 2007, 2008, and 2009 found two (2) regulator stations that exceeded the 15 month interval between inspections.

The maintenance on regulator station No. 82 was performed on 03/01/2007 and next on 08/20/2008. The maintenance on regular station No. 50 was performed on 05/22/2008 and next on 10/12/2009.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$85,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$20,700
2	\$65,000

Warning Items

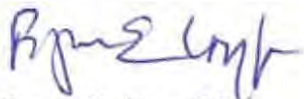
With respect to items 3, 4, 5, and 6, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Be advised that failure to do so may result in AGT being subject to additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 1-2010-1004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in blue ink, appearing to read "Byron E. Coy".

Byron E. Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

Cc: Mr. Karl Baker, CT DPUC