

MAR 15 2012

Mr. Gary L. Sypolt
President
Dominion Transmission, Inc.
120 Tredegar Street
Richmond, VA 23219-4306

Re: CPF No. 1-2011-1011

Dear Mr. Sypolt:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$50,000. 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. Jeffrey L. Barger, Senior Vice President, Dominion Transmission, Inc.
445 West Main Street, Clarksburg, WV 26301
Mr. Byron Coy, Director, PHMSA Eastern Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [71791000164203330205]

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

In the Matter of)

Dominion Transmission, Inc.,)

Respondent.)
_____)

CPF No. 1-2011-1011

FINAL ORDER

Between July 15 and August 17, 2010, pursuant to 49 U.S.C. § 60117, a representative of the New York State Department of Public Service (NYSDPS), as agent for 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 Dominion Transmission, Inc.'s (Dominion or Respondent) Woodhull Storage Field in Woodhull, New York. Dominion, headquartered in Richmond, Virginia, is the interstate gas transmission subsidiary of Dominion Resources, Inc. Respondent operates underground natural gas storage systems and maintains 7,800 miles of pipeline in six states — Ohio, West Virginia, Pennsylvania, New York, Maryland and Virginia.¹

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated May 31, 2011, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Dominion had violated 49 C.F.R. § 192.195(a) and proposed assessing a civil penalty of \$50,000 for the alleged violation.

Dominion responded to the Notice by letter dated June 29, 2011 (Response). The company did not contest the allegation of violation but provided an explanation of its actions. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Dominion did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.195(a), which states:

¹ <http://www.dom.com> (last accessed 11/9/2011).

§ 192.195 Protection against accidental overpressuring.

(a) *General requirements.* Except as provided in § 192.197, each pipeline that is connected to a gas source so that the maximum allowable operating pressure could be exceeded as the result of pressure control failure or of some other type of failure, must have pressure relieving or pressure limiting devices that meet the requirements of § 192.199 and § 192.201.

The Notice alleged that Respondent violated 49 C.F.R. § 192.195(a) by failing to have pressure relieving or pressure limiting devices installed on each pipeline connected to a gas source, for which the maximum allowable operating pressure (MAOP) could be exceeded as a result of pressure control failure or of some other type of failure, that met the requirements of § 192.199 and § 192.201. Specifically, the Notice alleged that the Woodhull Storage Field had an MAOP that exceeded that of the downstream pipeline system, which was fed by three pipelines. The Notice further alleged that Dominion failed to have any additional pressure relieving or pressure limiting device installed downstream of the storage field that could prevent an accidental overpressurization of the system.²

Respondent did not contest this allegation of violation but explained that, on December 28, 2010, it had installed additional devices to provide overpressure protection at the storage field and that such measures satisfied the requirements of § 192.195. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.195(a) by failing to have pressure relieving or pressure limiting devices that met the requirements of § 192.199 and § 192.201.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 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; the Respondent's ability to pay the penalty 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 \$50,000 for the violation cited above.

Item 1: The Notice proposed a civil penalty of \$50,000 for Dominion's violation of 49 C.F.R. § 192.195(a), for failing to have pressure relieving or pressure limiting devices installed on each pipeline connected to a gas source, for which the MAOP could be exceeded as a result of pressure control failure or of some other type of failure, that met the requirements of §§ 192.199 and 192.201. As noted above, the company did not contest the allegation of violation.

² The Woodhull Storage Field had an MAOP of 2,160 psig, while two of the downstream lines had an MAOP of 1,000 psig, and one had 1,200 psig.

The requirement for pipeline operators to have pressure relief devices is derived from several regulations. First, under § 192.195, overpressure protection devices must be installed on pipelines in a manner that will prevent the maximum allowable operating pressure from being exceeded, in accordance with §§ 192.199 and 192.201. The purpose of this regulation is to protect pipelines from the risks associated with internal pressures exceeding their safe operating limits. Likewise, under § 192.201(b) if there is more than one pressure regulating or compressor station feeding into a pipeline, “relief valves or other protective devices must be installed at each station to ensure that the complete failure of the largest capacity regulator or compressor . . . will not impose pressures on any part of the pipeline” that are higher than what is safe.

Taken together, the purpose of these provisions is to reduce the risk of overpressure in pipelines when a pressure control failure occurs, such as the failure of a regulator or compressor. To protect against that risk, §§ 192.195(a) and 192.201(b) require pipelines to have pressure relieving or pressure limiting devices.

After considering all of the evidence, I find that the nature, circumstances, and gravity of the violation justify the proposed penalty. The pipeline system downstream of the Woodhull Storage Field was connected to a gas source that could have allowed the MAOP to exceed the safe limits of the pipeline and thereby pose a significant threat to the safe operation of Dominion’s system in a High Consequence Area.³

Furthermore, with regard to history of prior offenses, the record shows that Respondent had previously been cited for a similar violation.⁴ The company also acknowledged that the relief valves downstream of the regulator may not have been adequate to protect against overpressuring.⁵ In light of the company’s apparent knowledge of the need for overpressure protection and its compliance history, I can find no basis for elimination or reduction of the civil penalty.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of **\$50,000** for violation of 49 C.F.R. § 192.195(a).

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 (AMZ-341), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, Oklahoma 73125. The Financial Operations Division telephone number is (405) 954-8893.

³ See 49 C.F.R. 192.903 for a definition of “High Consequence Area.”

⁴ *In the Matter of Dominion Transmission, Inc.*, Final Order, CPF No. 1-2009-1006 (Dec. 30, 2010), Item 5; Decision on Petition for Reconsideration (October 13, 2011). Final Orders and Decisions on Petitions for Reconsideration are generally available on the PHMSA website, http://primis.phmsa.dot.gov/comm/reports/enforce/Actions_opid_0.html?nocache=8998.

⁵ Pipeline Safety Violation Report (May 31, 2011), Exhibit A-2.

Failure to pay the \$50,000 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.

Under 49 C.F.R. § 190.215, 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, 2nd 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. § 190.215. 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.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued