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May 4, 2012

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road, Suite 103
W. Trenton, NJ 08628

RE: CPF 1-2012-1009

Dear Mr. Coy:

This letter is provided on behalf of Columbia Gas Transmission, LLC by NiSource Gas Transmission and Storage (NGT&S) in response to the Notice of Proposed Violation (NOPV) and Proposed Civil Penalty CPF 1-2012-1009 letter dated April 6, 2012, and received by NGT&S on April 10, 2012. The NOPV and Proposed Civil Penalty was issued following inspections conducted by the West Virginia Public Service Commission on October 5, 2010, and June 3, 2011, of the Columbia Gas Transmission SM-80 facilities. Two items were noted in the NOPV and a civil penalty of \$32,500 was proposed for Item 1. Within this correspondence, we have provided clarifications that we believe demonstrate that no violations were made as stated in Item 1. As a result, we respectfully request removal of the civil penalty from the final order.

In accordance with Section I(a)(3) of the Response Options for Pipeline Operators in Compliance Proceedings, provided with the NOPV, NGT&S submits this response letter to address the allegations and seek removal of the proposed civil penalty.

The language from the NOPV is provided in bold, followed by the NGT&S response to each item.

1. 191.5 Telephonic notice of certain incidents

(a) At the earliest practical moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §q91.3.

CGT failed to make a telephonic report of an incident on Pipeline SM-80 work order B521584 (repair leak) at the earliest practical moment following discovery.

An incident that occurred on 7/16/2008 was not reported to the National Reporting Center (NRC). CGT has to blow down more than \$50,000 of gas as the result of their crew hitting a

consumer tap line operating at about 693 psig. In order to stop the resulting leaking gas, and make repairs on the damaged consumer tap line. CGT blew down a portion of the 30 inch transmission line that feeds the consumer tap line.

In subsequent information requests from the WV PSC, CGT provided information indicating a cost of lost gas of \$106,544 total for the leaking gas from the damaged consumer tap line and from purging the section of the 30 inch gas transmission line.

Item 1 relates to whether NGT&S should have reported the leak that occurred on July 16, 2008. In suggesting that NGT&S should have reported the leak, the NOPV included the cost of gas that was evacuated from the pipeline in an intentional blowdown to allow for convenience during repair.⁴⁹ CFR Part 191.3 clearly establishes that gas loss due to an intentional blowdown should not be included in the cost or volume calculations for determining whether to report an incident. Including the intentional gas loss in the determination to report the leak skews the severity of the event and would compromise the incident reporting process and DOT incident database, which are intended to create awareness for significant pipeline related incidents. Provided below is an overview of the events related to Item 1.

On July 16, 2008, NGT&S maintenance work resulted in movement of piping that resulted in a small leak at the weld intersection of a tap and line SM-80, a 30 inch transmission pipeline. As supported in the paragraphs below, the event did not meet the definition of an incident under the regulations in effect at that time, nor does it meet the definition of an incident under the current regulations.

As noted above, maintenance along Columbia pipeline SM-80 caused movement of a ½ inch tap line, resulting in a small leak at the weld intersection of the tap and the transmission pipeline. The amount of gas escaping from the leak was minimal and the condition did not cause a risk to public safety. However, as a Columbia maintenance crew was available and located nearby, Columbia chose to make the necessary repair. While not required as part of the repair, Columbia elected to perform an intentional blowdown of the section of SM-80 before initiating the repair. Based on market conditions and to provide additional convenience during repair, a decision to blowdown this section of SM-80 was made. The decision to blowdown this section of pipe was not necessary to implement a permanent repair, and was done at the discretion of Columbia. An alternative permanent repair could have been implemented without a blowdown of the pipeline.

The amount of gas lost as a direct result of the leak was conservatively estimated at less than 30 MCF (see Attachment A, gas lost estimate). Considering the cost of gas at that time was approximately \$8.87/dekatherm, the total cost of gas lost from the leak is estimated at \$279.41 and was not significant by itself and would not meet the criteria for reporting either from a volume standpoint (under the current regulations) or a damage cost standpoint (under the regulations in effect at the time). In addition, the cost of the repair of the pipeline which includes labor, equipment and materials was less than \$2,000.00. The total damages (repair costs plus the cost of gas lost as the result of the leak) was much less than the \$50,000.00 incident threshold. The event was documented as an abnormal operation in the NGT&S work management system in accordance with the Company's Operations and Maintenance procedures.

In summary, the cost of gas lost from the controlled, intentional and optional blowdown of the pipeline should not be considered in the cost or volume calculations for determining whether the

leak should be a reportable incident. NGT&S, therefore, respectfully requests removal of the alleged violation under Item 1 in the NOPV as well as the associated proposed civil penalty.

2. 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 every 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 considered.

CGT failed to follow its Operations and Maintenance (O&M) procedure 200.01.02 section 3.4 that requires identification tags on emergency valves.

The CGT pipeline SM-80 Martha valve setting had no identification tags on the following critical valves.

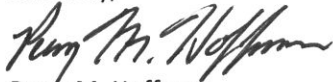
- 1. One main line valve.**
- 2. Two by pass valves.**
- 3. Two blow down valves.**

CGT said they were not sure how long the tags were missing. The identification tags were installed prior to the completion of the WV PSC inspection.

As a follow-up to the inspection, NGT&S has replaced the missing tags listed above (see Attachment B for pictures) and, in addition, has instituted an initiative to identify missing identification tags on critical valves throughout its system.

Based on the information provided within this correspondence, we respectfully request the removal of Item 1 and the associated proposed civil penalty from a final order and subsequently request the closure of the order, based on the addressing of the Item 2. Should you have any questions or require any additional information or would like to meet to discuss any of the information above, please do not hesitate to contact me.

Sincerely,



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Attachment A

**Gas Lost Estimate
July 16, 2008 - Tap Leak SM-80**

Gas Blown

From a Non-round leak

Input: Width of shortest side (inches) = .0625

Input: Length of longest side (inches) = .125

Input: Pressure in Psig = 693

Input: Number of days leaking = .16

OUTPUT: Gas flowrate (Mcf per day): 163.688

RESULT: Total Gas leaked (Mcf): 26.1901

Based on $(271 \times Fpm \times Pressure \times A / 1440 \text{ minutes}) / 1000$ cubic feet per Mcf
curve fit for Fpm values of: $y = -4.3705764 \times 10^{-9} \times x^3 + 2.1845719 \times 10^{-5} \times x^2 + 6.3020946 \times 10^{-2} \times x + 0.98$

A equals the cross sectional area in inches

Attachment B

**Pictures of Identification Tags on SM-80 Valves at Martha's
Valve Setting**



Photos of SM-80 – Martha's Valve Setting – Installed Valve Tags