

JUNE 14, 2013

Mr. Rory L. Miller
Senior Vice President – Atlantic Gulf
Transcontinental Gas Pipe Line Company, LLC
2800 Post Oak Blvd.
Houston, TX 77056

Re: CPF No. 1-2012-1019

Dear Mr. Miller:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$42,500. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated October 3, 2012. It further finds that Transcontinental Gas Pipe Line Company, LLC, has completed the actions specified in the Notice to comply with the pipeline safety regulations. This enforcement action is therefore closed. 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 E. Coy, P.E., Director, Eastern Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Mr. Alan S. Armstrong, President, The Williams Companies, Inc., 2800 Post Oak Blvd,
Houston, TX 77056
Randall R. Conklin, Esq., General Counsel, Transcontinental Gas Pipe Line Company,
LLC 2800 Post Oak Blvd., Houston, TX 77056

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

In the Matter of)	
)	
Transcontinental Gas Pipe Line Company, LLC,)	CPF No. 1-2012-1019
)	
Respondent.)	
)	

FINAL ORDER

During the week of March 26, 2012, 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 of Transcontinental Gas Pipe Line Company, LLC¹ (Transcontinental or Respondent), a subsidiary of The Williams Companies, Inc., in Ellicott City, Maryland. Transcontinental is a major provider of natural gas to the northeastern and southeastern states, operating a 10,000-mile pipeline system extending from South Texas to New York.²

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated August 20, 2012, a Notice of Probable Violation, Proposed Civil Penalty, Proposed Compliance Order (Notice), and, pursuant to 49 C.F.R. § 190.205, a warning of another probable violation. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Transcontinental had committed various violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$42,500 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning item required no further action, but warned the operator to take appropriate corrective action or be subject to potential enforcement action.

Respondent responded to the Notice by letter dated September 27, 2012, indicating it was not contesting the allegations of violation in the Notice but requesting additional time to satisfy the terms of the Proposed Compliance Order (Response). Transcontinental paid the proposed civil penalty of \$42,500, as provided in 49 C.F.R. § 190.227, by wire transfer dated October 3, 2012. Payment of the penalty serves to close those items in the Notice with prejudice to Respondent. By letter dated December 11, 2012, the company provided additional information regarding the steps it had taken to address the terms in the Proposed Compliance Order.

¹ Transcontinental was formally known as Williams Gas Pipeline-Transco.

² Pipeline Safety Violation Report (Violation Report) (August 20, 2012) (on file with PHMSA), at 1.

FINDINGS OF VIOLATION

In its Response, Transcontinental did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.603(b), which states:

§ 192.603 General provisions.

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

The Notice alleged that Respondent violated 49 C.F.R. § 192.603(b) by failing to keep the necessary records to verify the adequate depth of cover for a buried transmission line, as required under 49 C.F.R. § 192.327. Specifically, the Notice alleged that Transcontinental had no records to confirm the depth of cover for the Granite Road Pipeline Replacement Project in 2010.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.603(b) by failing to keep the necessary records to verify the adequate depth of cover for a buried transmission line, as required under 49 C.F.R. § 192.327.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.475(b), which states:

§ 192.475 Internal corrosion control: General.

- (a) . . .
- (b) Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal surface is found -
 - (1) The adjacent pipe must be investigated to determine the extent of internal corrosion;
 - (2) Replacement must be made to the extent required by the applicable paragraphs of §192.485, 192.487, or 192.489; and
 - (3) Steps must be taken to minimize the internal corrosion.

The Notice alleged that Respondent violated 49 C.F.R. § 192.475(b) by failing to inspect the internal surface of a section of cut-out pipe for evidence of internal corrosion. Specifically, the Notice alleged that Transcontinental failed to perform an internal inspection of a pipe cut out on November 10, 2010, as documented by the company's own inspection report #2010-TR-12515.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.475(b) by failing to inspect the internal surface of a section of cut-out pipe for evidence of internal corrosion.

These findings of violation will be considered prior offenses 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.³ 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; 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 \$42,500 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$5,000 for Respondent's violation of 49 C.F.R. § 192.603(b), for failing to keep the necessary records to verify adequate depth of cover for a buried transmission line. Transcontinental paid the proposed penalty, which serves to close this Item with prejudice and authorizes PHMSA to make a finding of violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000 for violation of 49 C.F.R. § 192.603(b).

Item 2: The Notice proposed a civil penalty of \$37,500 for Respondent's violation of 49 C.F.R. § 192.475(b), for failing to inspect the internal surface of a section of cut-out pipe for evidence of internal corrosion. Transcontinental paid the proposed penalty, which serves to close this Item with prejudice and authorizes PHMSA to make a finding of violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$37,500 for violation of 49 C.F.R. § 192.475(b).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$42,500**, which has been paid in full.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 192.605(b). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 192.605(b) (**Item 1**), Respondent has verified the depth of cover for the three pipelines replaced on the 2010 Granite Road Pipeline

³ The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Pub. L. No. 112-90, § 2(a)(1), 125 Stat. 1904, January 3, 2012, increased the civil penalty liability for violating a pipeline safety standard to \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.

Replacement Project. Additionally, Transcontinental has updated its procedure, *Specification 814-0503: TGPL Onshore As-Built Survey*, to include the requirement of an as-built depth of cover verification report.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

WARNING ITEM

With respect to Item 3, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be warning items. The warning was for:

49 C.F.R. § 192.225(a) (**Item 3**) — Respondent's alleged failure to properly reference the correct edition of ASME Section IX in its welding procedures.

If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

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